



CITY OF  
**GRAND RAPIDS**  
IT'S IN MINNESOTA'S NATURE

## **CITY COUNCIL WORKSESSION AGENDA**

**Monday, April 10, 2023**

**4:00 PM**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Worksession (or Special) meeting of the Grand Rapids City Council will be held on Monday, April 10, 2023 at 4:00 PM in the City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**ROLL CALL:**

**BUSINESS:**

1. Financial Presentation by Rebecca Petersen, Redpath & Company, Ltd.

**REVIEW OF REGULAR AGENDA:**

**ADJOURN:**

Attest: Kimberly Gibeau, City Clerk



CITY OF  
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IT'S IN MINNESOTA'S NATURE

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** April 10, 2023

**AGENDA ITEM:** Financial Presentation by Rebecca Petersen, Redpath & Company, Ltd.

**PREPARED BY:** Barb Baird

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### **BACKGROUND:**

Attached please find the following reports that will be discussed at the Council Work Session on April 10, 2023:

-Audit Management Letter

-**Draft** Comprehensive Annual Report

-**Draft** Independent Auditor's Report on Compliance and on Internal Controls

-**Draft** State Legal Compliance Report

Ms. Rebecca Petersen, Redpath & Company, Ltd., will be here on Monday, April 10, 2023 to make a presentation to the City Council of the audited financial statements, the Management Letter, Report on Comprehensive and Internal Controls, and State Legal Compliance at the 4:00 p.m. work session.

The draft reports will be finalized when we receive the Public Utilities audited financial information.

If time is limited for you, please review the Audit Management Letter. This report gives a concise overview of the 2022 City of Grand Rapids' financial health.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

OF THE

**CITY OF GRAND RAPIDS, MINNESOTA**

For The Year Ended  
December 31, 2022

Prepared by:

Finance Department

Barbara Baird  
Finance Director

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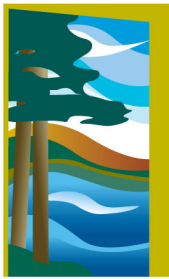
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## I. INTRODUCTORY SECTION

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CITY OF  
**GRAND RAPIDS**  
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FINANCE DEPARTMENT

420 NORTH POKEGAMA AVENUE, GRAND RAPIDS, MINNESOTA 55744-2662

June XX, 2023

Honorable Mayor, Members of the City Council,  
and Citizens of the City of Grand Rapids:

The Annual Comprehensive Financial Report (ACFR) for the City of Grand Rapids for the fiscal year ended December 31, 2022, is hereby submitted. Minnesota State Statutes require that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This requirement has been met by the engagement of the firm of Redpath and Company, Ltd. and their report is included in the financial section of this report.

This report consists of management's representations concerning the finances of the City of Grand Rapids. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Grand Rapids has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Grand Rapids' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Grand Rapids' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Grand Rapids' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Grand Rapids for the fiscal year ended December 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Grand Rapids' financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The Village of Grand Rapids was incorporated on June 11, 1891, and became a statutory City on January 9, 1974. The City of Grand Rapids, the Itasca County seat, is located 180 miles north of Minneapolis and St. Paul, Minnesota, in the north central part of the state. The City is located in the heart of a resort and recreation area and is the major commercial service and industrial center. The City of Grand Rapids currently occupies a land area of 24.40 square miles and serves a population of 11,283. The City of Grand Rapids signed an Annexation Agreement with the Grand Rapids Township in 2000 and the City annexed the last area of the Township on January 1, 2010. The City of Grand Rapids is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation. The City is the region's retail trade, health care, education and cultural center with a market draw of more than 49,000 people.

The City operates under a Council-Administrator form of government. Policy-making and legislative authority are vested in a governing Council consisting of the mayor and four other members. The governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and approving the hiring of City employees. The City Administrator is responsible for carrying out the policies and ordinances of the City Council and overseeing the day-to-day operations of the City. Council members serve four-year staggered terms, with two Council members elected every two years. The mayor is elected to serve a two-year term.

The City of Grand Rapids provides a full range of services, including police and fire protection, the construction and maintenance of highway, streets, and other infrastructure, recreational and cultural facilities, and general administrative services. In addition, the City also provides enterprise activities such as a golf course and storm water utility.

The City has two discretely presented component units, the Grand Rapids Economic Development Authority (GREDA) and the Grand Rapids Public Utilities Commission (GRPUC). Both governing boards are appointed by the City Council. The Council has the ability to approve or modify the GREDA's budget and is governed by Article VIII of the bylaws. The GREDA does not issue separate financial statements. The GRPUC provides electric power distribution system, water production treatment and distribution systems, and wastewater collection and treatment systems. The City guarantees the general obligation debt of the GRPUC. Separate financial statements are issued by the GRPUC.

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. All agencies of the City of Grand Rapids are required to submit requests for appropriation to the City Administrator in May of each year for the following year's budget. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator meets with the Council to develop a budget. The Council is required to hold a public hearing on the proposed budget and certify an adopted final budget to the County Auditor by no later than December 30.

The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfer of appropriations between departments, however, require the special approval of the governing Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 98 as part of the basic financial statements for the government funds. For governmental funds other than the general fund, and with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, shown on pages 142-149.

## Local economy

Grand Rapids is a regional center with a retail market area population of approximately 49,000 and home to several state education and governmental agencies as well as the site of Itasca County government operations. The City is the regional headquarters for the Minnesota Department of Natural Resources and the home of Itasca Community College now reorganized and rebranded as Minnesota North College, Itasca Campus.

A major contributor to the local economy is forestry and its related products and activities. The UPM Blandin Paper Mill, historically one of the City's largest employers, operates in the City of Grand Rapids. While Blandin has downsized its operations over the past two decades, it continues to be one of few paper production facilities, nationwide, maintaining a full order sheet and delivering a profit to the parent company, further evidenced by UPM's investment of over \$10M in its manufacturing process equipment in 2019. According to company officials, in 2022, Blandin had one of its best years in a very long time. This surge stems from a couple of factors. First, Blandin has fewer competitors in the marketplace, with other North American coated paper manufacturers going off line or converting to other products. Second, mills owned by UPM in Europe have experienced strikes and difficulties presented by past reliance on raw materials sourced from Russia.

Grand Rapids is also home to Yanmar Compact Equipment North America, Inc. (formerly known ASV Holdings, Inc). Yanmar currently employs approximately 243 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders together with a parts distribution center. They employed 153 in 2017, prior to them bringing their parts distribution in house. In September of 2019, 100% of the ASV shares were purchased by Yanmar, a global producer of engines, agricultural equipment, construction and marine equipment, tools and components. The City and Grand Rapids EDA have successfully worked with Yanmar, the Minnesota Department of IRRR and MN DEED to facilitate an expansion of Yanmar, which will be under construction in May of 2023. The City of Grand Rapids approved a tax abatement to assist this project. As with all tax abatement and TIF provided by the City of Grand Rapids, it was reviewed to confirm that the request was consistent with the *Economic Development Policies* (business

subsidy policy). This review process ensures that the City benefits from the use of public assistance in measurable ways, such as increased tax base, new and retained jobs that provide a living wage, addressing housing needs, or redevelopment of marginal, blighted, property.

The proposed project involves a significant expansion of the Grand Rapids production facility with the addition of a 30,000 square feet addition to the plant, site improvements, assembly layout modifications, additional equipment and staffing.

Two major elements of the ASV/Yanmar business plan are driving the need to expand. First, a significant ramp-up in the production of ASV and Yanmar branded Compact Track Loaders (CTL); both existing products and the planned launch of new products to keep pace with the growing demand. Second, a relocation of a line of Yanmar Compact Mini Excavator (CEX) production from Japan to the Grand Rapids facility, designed to serve the North American market. Between this year and the end of 2026, ASV/Yanmar projects the addition of 284 production and operations jobs and 79 administrative and professional positions.

The City and Grand Rapids EDA are working with developers interested in addressing the current and increasing demand for housing in the community. The EDA has entered into a preliminary development agreement with Oppidan, Inc. for their prospective development of a 132-unit apartment on EDA property. The EDA is also working with the development firm Shafer-Richardson on their interest in a 76-unit apartment downtown. In addition, the EDA is platting the former site of an elementary school for the development of 22 single family home and are also working with local investors on the redevelopment of the former wastewater treatment plant site, to create a 60-unit manufactured home community.

In 2018, the City of Grand Rapids entered into a contract for private development with Rebound Hospitality, including the creation of a TIF redevelopment district, involving the demolition of the recently closed Sawmill Inn and the construction of a new Best Western Plus hotel. Construction of the 82-unit hotel began in the fall of 2021 and was completed in the fall of 2022.

In addition to the Best Western Plus hotel project, a permit has been issued for a 64-unit My Place extended stay hotel on the cleared site of the former K-Mart. This project will commence in the spring of 2023 and will be open in spring of 2024.

Building permit activity in 2022 was again at a record level, in excess of the 20-year annual average of \$25.5M, with permits for projects reaching a total value of \$76.0M. Commercial projects accounted for \$16.5M of the total, it was above the 18-year average of \$14.5M of annual permitted commercial construction. In terms of the number of permits issued, the 2022 total of 447 permits was below the 10 year average of 550.

In 2022 development highlights included the construction of a new \$4.3M Zips Car Wash, the permitting of the \$5.4M MyPlace Hotel and the construction of a \$2.0M Cenex Convenience Store. Other projects completed in 2022 included an addition to Rapid Brewing Company and the conversion of a former credit union into a Caribou Cabin. The most significant project permitted in 2022 was the Itasca County Justice Center, jail/court addition, valued at \$54.2M.

### **Long-term financial planning**

The City has a Five Year Capital Improvement Plan for infrastructure and equipment and a Pavement Management Plan for streets. The City analyzes each capital project to determine if sufficient funding is in place and how the project will affect the levy. Excess General Fund balances are annually allocated to capital equipment and building replacements. Projects that have additional outside funding are given a higher priority. This policy has allowed the City to meet future infrastructure and capital equipment needs without a significant increase in the levy.

Realizing the volatility of Local Government Aid (LGA) and the loss of the Market Value Homestead Credit, the City Council is developing funding mechanisms that will assist in minimizing the uncontrolled fluctuations in outside funding along with creating efficiencies in the work force. The City is focusing on reducing the growth of expenditure by making permanent adjustments to the base. The City, (GRPUC), and other cities and townships are working to share services to reduce costs for both the City, GRPUC, and the partnering cities and townships. The City of Grand Rapids is in an agreement with the City of Cohasset to provide Cemetery Sexton Services that will also provide additional resources for the City.

## Relevant Financial Policies

In 2017, the City implemented the Uniform Guidance for Procurement Procedures to ensure that the procurement process complies with all applicable legal requirements, federal and state regulations. To ensure that the goods and services required by the City are obtained using established procedures that comply with all legal requirements for public purpose expenditures while promoting fair and open competition to ensure public confidence in the procurement process, ensure fair and equitable treatment of vendors who transact business with the City, and provide safeguards for the maintenance of a procurement system of quality and integrity.

In 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement 75 to improve accounting and financial reporting for post-employment benefits other than pensions. This statement will identify methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

In 2022, the City implemented the lease accounting standard, the latest Governmental Accounting Standards Board (GASB) Statement 87. Under the standard, state and local government organizations are required to capitalize most leases on the balance sheet, reporting them as right-of-use assets and lease liabilities.

## Major initiatives

The City is working on several major initiatives as follows:

1. Construction has begun on the IRA Civic Center as of March 1, 2023. The project cost is \$15.5 million with funding from: \$5 million in State Bonding, \$5.98 million in local option sales and use tax, and \$4.52 million in local bonds paid for with rental fees.
2. The City Council is considering imposing a franchise fee on electrical customers within the city. This fee would generate \$2 million in revenue annually.
3. Fleet maintenance is critical to the City's day-to-day operations. It is also challenging to finance over 45 vehicles. To improve the vehicle fleet, and provide safe, reliable vehicles, the city has entered into an agreement with Enterprise Fleet Maintenance. Over the next five years, this should bring the average age of our vehicle to approximately 4 years with an annual cost of \$150k.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the thirtieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. The Mayor and City Council are to be commended for their diligence and resolve in keeping the City in sound and stable financial condition. The City Council's commitment to continually plan for the City's future and dedication to maintaining high financial standards has helped the City maintain its strong financial condition.

Respectfully submitted,

Tom Pagel  
City Administrator

Barbara A. Baird  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Grand Rapids  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

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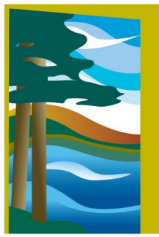
**GRAND RAPIDS, CITY OF**  
**PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS**  
December 31, 2022

Item 1.

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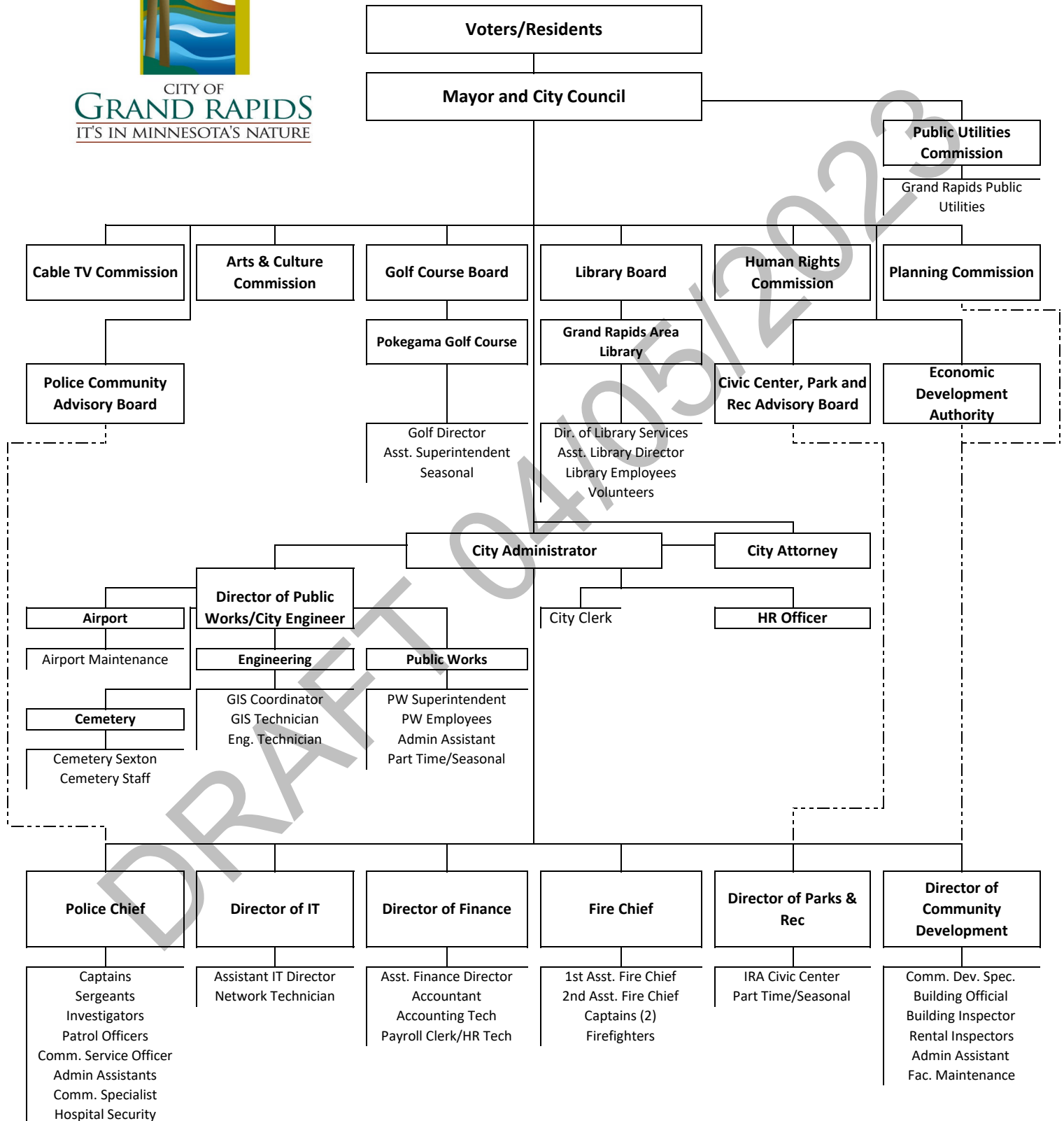
	Term Expires
Mayor:	
Dale Christy	December 31, 2022
Council Members:	
Dale Adams	December 31, 2024
Tasha Connelly	December 31, 2024
Richard Blake	December 31, 2022
Michelle Toven	December 31, 2022
City Administrator.....	Tom Pagel
Finance Director - Treasurer.....	Barbara Baird
Fire Chief.....	Travis Cole
Director of Library Services.....	William Richter
Director of Community Development.....	Rob Mattei
Human Resource Officer.....	Cheryl Pierzina
City Clerk.....	Kim Johnson-Gibeau
Public Works Director / City Engineer.....	Matt Wegwerth
Chief of Police.....	Steve Schaar
Information Technology.....	Erik Scott
Director of Golf Operations.....	Robert Cahill
Director of Parks and Recreation.....	Dale Anderson

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CITY OF  
**GRAND RAPIDS**  
IT'S IN MINNESOTA'S NATURE

## City of Grand Rapids, Minnesota City Operations Organizational Chart



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## II. FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit), which represent 46 percent, 43 percent, and 55 percent, respectively, of the assets, net position, and revenues of the primary government and its discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Utilities Commission, is based solely on the report of the other auditors. The financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*.

### ***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 City of Grand Rapids, Minnesota 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.

### ***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 City of Grand Rapids, Minnesota's 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 financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*.** 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 *Governmental 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 City of Grand Rapids, Minnesota's 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 City of Grand Rapids, Minnesota's 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.

### ***Change in Accounting Principle***

As described in Note 24 to the financial statements, the City of Grand Rapids, Minnesota adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension 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 City of Grand Rapids, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 and individual nonmajor fund financial statements and schedules 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 annual report. The other information comprises the introductory, statistical, and other information sections 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 <DATE> on our consideration of the City of Grand Rapids, Minnesota's internal control over financial reporting and on 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 City of Grand Rapids, Minnesota's 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 City of Grand Rapids, Minnesota's internal control over financial reporting and compliance.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

<DATE>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

### **Financial Highlights**

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$65,338,292 (net position).

The City's total net position increased by \$368,587. The governmental activities of the City increased by \$181,910. This increase is due to the investment in capital outlay.

The business-type activities increased by \$186,677 due to an increase in Golf Course revenue. The Storm Water Utilities had a decrease in expenditures due to less time spent working on storm water utilities with a decrease in personnel costs.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,313,781. Of this amount, \$13,411,151 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year the general fund balance was \$7,628,840. Of that amount, \$1,411,674 was in a non-spendable form, \$35,374 was restricted, \$1,169,769 was committed and \$5,012,023 was unassigned.

The City's total debt increased from \$26,686,627 to \$34,132,801 (excluding compensated absences). The City issued General Obligation Temporary Bonds, Series 2022A for \$10,000,000.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## Management's Discussion and Analysis

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a golf course and a storm water utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities (Public Utilities Commission and Economic Development Authority) for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Public Utilities Commission issues separate financial statements. The Economic Development Authority does not.

The government-wide financial statements can be found on pages 35 through 37 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## Management's Discussion and Analysis

For 2022, the City maintained four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General fund
- Capital Equipment Replacement
- Civic Center Capital Improvements
- 2022 Infrastructure/ARPA

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of sub-combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38 and 39 of this report.

**Proprietary funds.** The City maintains two enterprise funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its golf course and storm water utility operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are used to report activities that provide services for the City's other departments, such as pension benefits. The internal service fund is reported with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on page 41 through 43 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements provide separate information for the following custodial funds:

- Lodging Tax
- Cable TV Commission

The basic fiduciary fund financial statement can be found on page 44 of this report.

## Management's Discussion and Analysis

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 through 96 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds, custodial funds, and the Economic Development Authority (EDA) component unit is presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 116 through 139 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$65,338,292 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$50,690,129, or 78%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF GRAND RAPIDS' NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$30,097,256	\$22,028,726	\$944,318	\$752,040	\$31,041,574	\$22,780,766
Capital assets	74,916,682	73,667,622	2,790,676	2,756,809	77,707,358	76,424,431
Total assets	105,013,938	95,696,348	3,734,994	3,508,849	108,748,932	99,205,197
Total deferred outflows of resources	5,948,314	3,521,770	-	-	5,948,314	3,521,770
<b>Liabilities:</b>						
Long-term liabilities outstanding	42,311,561	27,929,884	18,576	11,612	42,330,137	27,941,496
Other liabilities	6,029,493	4,806,229	112,555	121,152	6,142,048	4,927,381
Total liabilities	48,341,054	32,736,113	131,131	132,764	48,472,185	32,868,877
Total deferred inflows of resources	845,668	4,888,385	41,101	-	886,769	4,888,385
<b>Net position:</b>						
Net investment in capital assets	47,899,453	48,653,953	2,790,676	2,756,809	50,690,129	51,410,762
Restricted	9,316,590	9,519,302	-	-	9,316,590	9,519,302
Unrestricted	4,559,487	3,420,365	772,086	619,276	5,331,573	4,039,641
Total net position	\$61,775,530	\$61,593,620	\$3,562,762	\$3,376,085	\$65,338,292	\$64,969,705



## Management's Discussion and Analysis

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$5,331,573.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

In 2016, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Net position was impacted by \$4,801,083 at December 31, 2022 due to the Public Employees Retirement Association net pension liability. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$5,547,391
Noncurrent assets	-
Deferred inflows of resources	(164,178)
Noncurrent liabilities	<u>(10,184,296)</u>
Total	<u>(\$4,801,083)</u>

### **Governmental Activities**

Governmental activities increased the City's net position by \$181,910 in 2022. Key elements of this increase are as follows:

- Annual principal payments on bonds were less than new bond debt issued during the year. Therefore, increase of debt decreased the City's net position.
- Operating grants and contributions increased \$1,094,949 due to drawing down our Minnesota State Aid and an Iron Range Resources and Rehabilitation grant for \$465,800.
- Capital grants and contributions decreased by \$1,181,374 due to a one time grant from the Department of Transportation Aeronautics Division to rehabilitate Runway 16/34 at the Grand Rapids/Itasca County Airport in 2021.

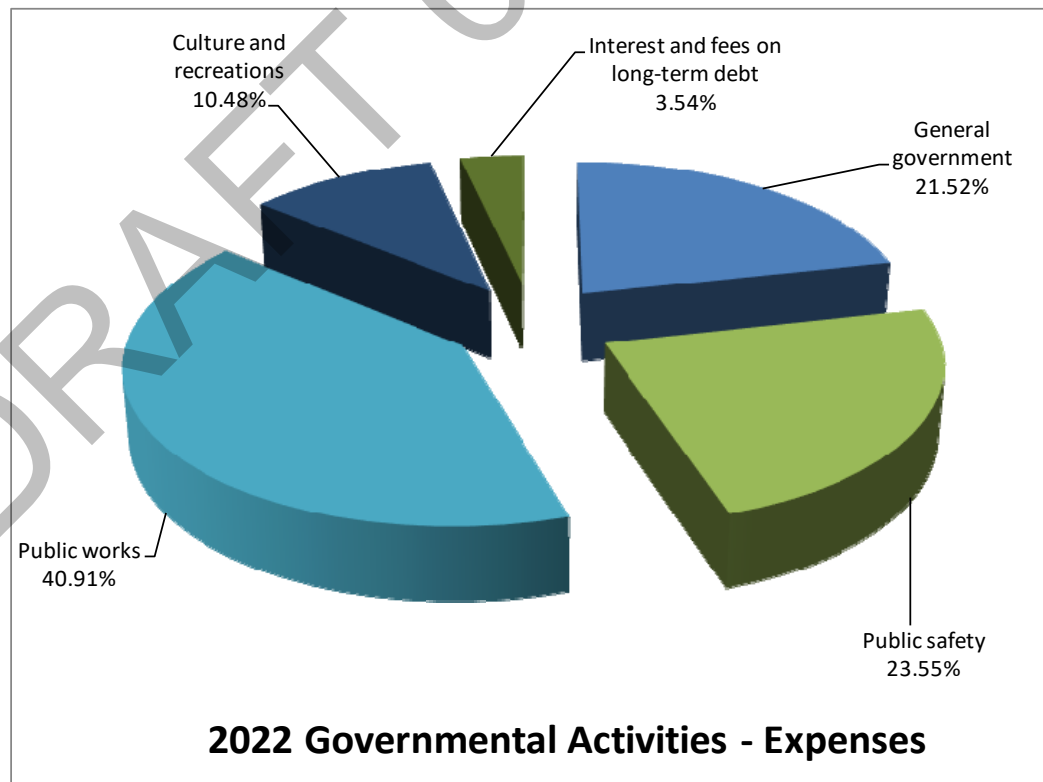
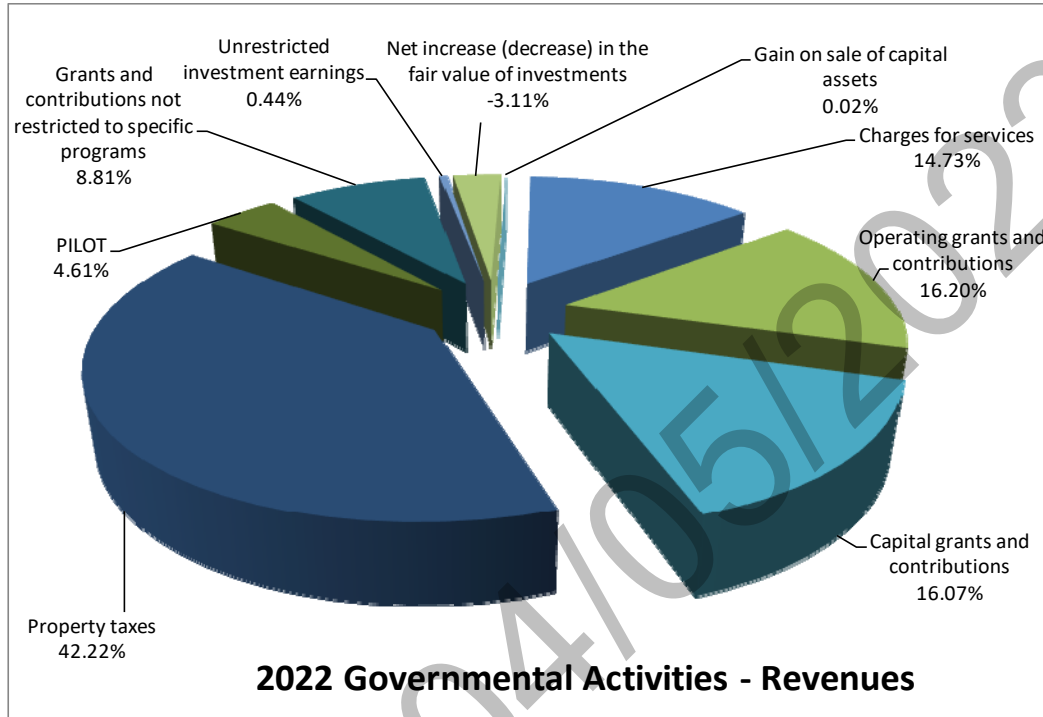
## Management's Discussion and Analysis

## City of Grand Rapids' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$2,953,665	\$2,870,644	\$1,736,148	\$1,657,616	\$4,689,813	\$4,528,260
Operating grants and contributions	3,248,624	2,153,675	-	-	3,248,624	2,153,675
Capital grants and contributions	3,221,907	4,403,281	-	115,400	3,221,907	4,518,681
General revenues:						
Taxes	8,464,200	7,924,863	-	-	8,464,200	7,924,863
Payments in lieu of taxes (PILOT)	924,990	914,886	-	-	924,990	914,886
Grants and contributions not restricted to specific programs	1,766,907	2,096,967	-	-	1,766,907	2,096,967
Unrestricted investment earnings	88,991	107,623	6,439	5,229	95,430	112,852
Net increase (decrease) in the fair value of investments	(623,194)	-	(42,515)	-	(665,709)	-
Gain (loss) on sale of capital assets	3,341	67,402	-	-	3,341	67,402
Other	-	70,478	-	-	-	70,478
Total revenues	<u>20,049,431</u>	<u>20,609,819</u>	<u>1,700,072</u>	<u>1,778,245</u>	<u>21,749,503</u>	<u>22,388,064</u>
Expenses:						
General government	4,276,092	3,727,831	-	-	4,276,092	3,727,831
Public safety	4,678,868	3,907,045	-	-	4,678,868	3,907,045
Public works	8,127,437	6,633,805	-	-	8,127,437	6,633,805
Culture and recreation	2,081,855	1,954,824	-	-	2,081,855	1,954,824
Interest and fees on long-term debt	703,269	715,158	-	-	703,269	715,158
Golf course	-	-	858,647	712,099	858,647	712,099
Storm water utility	-	-	654,748	613,529	654,748	613,529
Total expenses	<u>19,867,521</u>	<u>16,938,663</u>	<u>1,513,395</u>	<u>1,325,628</u>	<u>21,380,916</u>	<u>18,264,291</u>
Change in net position	181,910	3,671,156	186,677	452,617	368,587	4,123,773
Net position - January 1	<u>61,593,620</u>	<u>57,922,464</u>	<u>3,376,085</u>	<u>2,923,468</u>	<u>64,969,705</u>	<u>60,845,932</u>
Net position - December 31	<u>\$61,775,530</u>	<u>\$61,593,620</u>	<u>\$3,562,762</u>	<u>\$3,376,085</u>	<u>\$65,338,292</u>	<u>\$64,969,705</u>

## Management's Discussion and Analysis

Below are specific graphs that provide comparisons of the governmental activities revenues and expenditures:



## Management's Discussion and Analysis

### **Business-Type Activities**

Business-type activities increased the City's net position by \$186,677 in 2022. The City has two business-type activities – Pokegama Golf Course and a Storm Water Utility Fund. The net position of the Pokegama Golf Course increased \$21,891 in 2022 compared to an \$177,072 increase in 2021. The Golf Course had a 4% increase in the number of rounds played and a 9% increase in season pass sales.

The Storm Water Utility Fund is used to pay for storm water maintenance and infrastructure construction. The net position of the Storm Water Utility Fund increased \$189,067 in 2022 compared to a \$254,330 increase in 2021. The over budget revenue streams are offset by the net decrease in the fair value of investments that was not budgeted for and the actual decrease in fair value of investments. Any funds that are not used for storm water utility maintenance by the Public Works Department are used to reduce storm water infrastructure improvement project costs.

### **Financial Analysis of the Government's Funds**

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,313,781. Approximately 6% of this total amount (\$1,447,367) constitutes non-spendable fund balance and approximately 60% (\$13,411,151) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$2,200,556) and assigned (\$1,748,247) by City Council, as well as unassigned fund balance (\$3,506,460). Additional information about the City's fund balance classifications can be found in Note 16.

The general fund balance increased by \$74,292 in 2022, compared to a \$212,839 increase in 2021. Prior to other financing sources and uses and special items, the General Fund balance increased \$472,045 in 2022 compared to a \$843,725 increase in 2021. Key elements of this increase are as follows:

- Intergovernmental revenue decreased \$333,939 due to a one-time grant from Iron Range Resources and Rehabilitation in the amount of \$230,000 for the Solar Garden project and State Emergency funding for storm damage in 2021.
- Charges for services increased \$67,259 primarily due to an increase in Rental Inspection fees and Fleet Maintenance charges. Grand Itasca charges for services increased by \$21,800 for more services requested by the Clinic and Hospital.
- There was a \$245,190 unrealized loss on the change in fair value of investments recognized.
- Miscellaneous expenditures decreased \$147,155 due to a one-time only grant payment to the Grand Rapids Public Utilities for the Solar Garden Project.

## Management's Discussion and Analysis

The Capital Equipment Replacement fund had a fund balance decrease of \$572,752 due to purchasing a new fire truck and \$187,417 for new self-contained breathing apparatuses for the Fire Department.

The Civic Center Capital Improvement fund had a fund balance increase of \$8,360,370 due to issuance of the General Obligation Temporary Bonds of 2022A.

The 2022 Infrastructure/ARPA fund had a fund balance decrease of \$164,224 due to construction starting on the 21<sup>st</sup> Street SW Extension project.

The non-major special revenue funds increased by \$103,892 for 2022 due to a \$24,000 increase in intergovernmental revenue for the Public Library. The Grand Rapids/Itasca County Airport received two grants, one was an Airport Rescue Grant for \$59,000 and the other one was an Airport Coronavirus Response and Relief Supplemental Appropriation for \$23,000.

The non-major debt service funds increased by \$4,733 due to an operating transfer of capitalized interest for the General Obligation Temporary Bonds, Series 2022A in the amount of \$179,811.

The non-major capital project funds decreased by \$749,889 due to closing fund 2020 Infrastructure Bonds and project costs of \$224,750 in fund 2021 Infrastructure Bonds. The funds also had \$232,151 of net decrease in fair value of investments.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Golf Course had an operating income of \$18,958. Operating revenues increased by \$87,677 due to a 19% increase in the number of rounds played and an increase of \$16,197 in season pass sales.

The Storm Water Utility had an operating income of \$215,449. Operating revenues decreased by \$16,190 due to billing cycle changes implemented by Grand Rapids Public Utilities in 2021. Operating expensed increased by \$17,402 due to increased costs to motor fuels and personnel services.

### **Budgetary Highlights**

**General Fund.** The General Fund had an increase in fund balance of \$74,292. The General Fund revenue was over budget by \$155,586 due to several items. Licenses and Permits was over by \$181,963 because of the construction of a new Itasca County Justice Center and a new hotel. Charges for services were over budget by \$52,307 due an unbudgeted increase in Security fees for Grand Itasca Clinic and Hospital. Public Works fees and grounds maintenance fees were under budgeted by \$22,245. Unorganized Township Fire fees came in \$22,000 over budget. Intergovernmental Revenues were over budget by \$158,041 primarily due to an increase in Taconite value homestead credit of \$117,254. State Emergency funding for storm damage is in the amount of \$11,894. These over budget revenue streams are offset by the net decrease in the fair value of investments that was not budgeted for and the actual decrease in fair value of investments was \$245,190 and was due to decreasing interest rates and market conditions.

## Management's Discussion and Analysis

Total expenditures were over budget by \$90,580. This is due to Public Works being over budget by \$200,000. This was due to April 2022 being the 5<sup>th</sup> coldest on record while being the 13<sup>th</sup> most in total precipitation. The City received 26.1 inches of snow during the month of December 2022. These factors require additional plowing and the overage cost of fuel increased by 5.18%.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's gross investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$77,707,358. (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment.

#### **City of Grand Rapids' Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land and land improvements	\$6,739,252	\$7,095,296	\$919,686	\$919,686	\$7,658,938	\$8,014,982
Artwork	182,565	19,800	-	-	182,565	19,800
Construction in progress	14,671,448	13,063,385	-	-	14,671,448	13,063,385
Building and improvements	10,789,935	10,599,387	1,451,047	1,360,332	12,240,982	11,959,719
Vehicles, equipment and furnitu	5,050,771	4,705,456	419,943	476,791	5,470,714	5,182,247
Infrastructure	37,482,711	38,184,298	-	-	37,482,711	38,184,298
Total	<u>\$74,916,682</u>	<u>\$73,667,622</u>	<u>\$2,790,676</u>	<u>\$2,756,809</u>	<u>\$77,707,358</u>	<u>\$76,424,431</u>

Additional information on the City's capital assets can be found in Note 6.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$34,132,801 (excluding compensated absences), an increase of \$7,446,174 from 2021. Of the total outstanding amount:

- \$6,040,000 is general obligation improvement debt that is supported in part by special assessments,
- \$580,000 is general obligation tax increment debt which is financed through the City's economic development program,
- \$26,765,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$747,801 is a combined total of unamortized bond premiums.

## Management's Discussion and Analysis

**City of Grand Rapids' Outstanding Debt**

G.O. Improvement Bonds, G.O. Tax Increment Bonds, other G.O. Bonds, capital leases, loans and bond premium:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation improvement bonds	\$6,040,000	\$7,650,000	\$ -	\$ -	\$6,040,000	\$7,650,000
General obligation tax increment bonds	580,000	615,000	-	-	580,000	615,000
Other general obligation bonds	26,765,000	17,615,000	-	-	26,765,000	17,615,000
Capital leases, loans, bond premium	747,801	806,627	-	-	747,801	806,627
Total	<u>\$34,132,801</u>	<u>\$26,686,627</u>	<u>\$0</u>	<u>\$0</u>	<u>\$34,132,801</u>	<u>\$26,686,627</u>

The City issued General Obligation Temporary Bonds, Series 2022A for \$10,000,000 in 2022.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$26,751,981. Of the City's outstanding debt, \$17,848,824 is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 8.

**Requests for information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 420 North Pokegama Avenue, Grand Rapids, Minnesota 55744-2662.

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**BASIC FINANCIAL STATEMENTS**

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	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	Public Utilities Commission
Assets:					
Cash and investments	\$23,639,579	\$930,046	\$24,569,625	\$1,185,630	
Accrued interest receivable	13,787	-	13,787	-	
Due from other governmental units	1,256,487	306	1,256,793	215	
Due from primary government	-	-	-	-	
Due from component units	58,318	71,628	129,946	-	
Accounts receivable - net	226,396	10,091	236,487	42,925	
Pledges receivable	8,500	-	8,500	-	
Internal balances	130,442	(130,442)	-	-	
Prepaid items	227,698	21,588	249,286	-	
Property taxes receivable	295,545	-	295,545	-	
Special assessments receivable	2,283,265	-	2,283,265	-	
Inventories - at cost	-	-	-	-	
Other receivable	-	-	-	-	
Land held for resale	-	-	-	2,831,472	
Lease receivable	561,797	41,101	602,898	-	
Notes receivable	300,000	-	300,000	746,255	
Restricted cash and investments	-	-	-	-	
Restricted accounts receivable	-	-	-	-	
Financial assurance landfill closure	-	-	-	-	
Net pension asset	1,095,442	-	1,095,442	-	
Capital assets - nondepreciable	21,593,265	919,686	22,512,951	-	
Capital assets - net of accumulated depreciation	53,323,417	1,870,990	55,194,407	-	
Regulatory assets	-	-	-	-	
Non-utility property - net of amortization	-	-	-	-	
Total assets	105,013,938	3,734,994	108,748,932	4,806,497	0
Deferred outflows of resources:					
Service territory acquisition	-	-	-	-	
Loss on refunding	-	-	-	-	
Related to pensions	5,947,499	-	5,947,499	-	
Related to OPEB	815	-	815	-	
Total deferred outflows of resources	5,948,314	0	5,948,314	0	0
Liabilities:					
Accounts payable	610,047	29,288	639,335	48,522	
Accrued wages payable	146,523	8,758	155,281	-	
Due to other governmental units	300,797	2,068	302,865	21,147	
Due to component units	80,568	6,424	86,992	-	
Contracts payable	955,089	-	955,089	-	
Deposits payable	25,087	43,700	68,787	1,614	
Due to primary government	-	-	-	42,084	
Accrued interest payable	256,803	683	257,486	-	
Unearned revenue	982,967	18,789	1,001,756	-	
Compensated absences:					
Due within one year	81,612	2,845	84,457	-	
Due in more than one year	562,211	18,576	580,787	-	
Net pension liability:					
Due in more than one year	10,184,296	-	10,184,296	-	
Landfill closure costs:					
Due in more than one year	-	-	-	-	
Noncurrent liabilities:					
Due within one year	2,590,000	-	2,590,000	17,500	
Due in more than one year	31,542,801	-	31,542,801	1,521,610	
Other post employment benefits:					
Due in more than one year	22,253	-	22,253	-	
Total liabilities	48,341,054	131,131	48,472,185	1,652,477	0
Deferred inflows of resources:					
Demand payment deferral	-	-	-	-	
Related to leases	561,797	41,101	602,898	-	
Related to pensions	274,765	-	274,765	-	
Related to other post employment benefits	9,106	-	9,106	-	
Other deferred credits	-	-	-	-	
Total deferred inflows of resources	845,668	41,101	886,769	0	0
Net position:					
Net investment in capital assets	47,899,453	2,790,676	50,690,129	-	
Restricted for:					
Debt service	7,698,617	-	7,698,617	-	
Itasca County share of airport	91,057	-	91,057	-	
Pensions	1,384,963	-	1,384,963	-	
Other purposes	141,953	-	141,953	-	
Unrestricted	4,559,487	772,086	5,331,573	3,154,020	
Total net position	\$61,775,530	\$3,562,762	\$65,338,292	\$3,154,020	\$0

The accompanying notes are an integral part of these financial statements.

## CITY OF GRAND RAPIDS, MINNESOTA

## STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2022

Item 1.

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$4,276,092	\$759,284	\$1,266,370	\$210,000
Public safety	4,678,868	881,549	610,086	-
Public works	8,127,437	388,751	1,299,278	3,011,907
Culture and recreation	2,081,855	924,081	54,160	-
Interest and fees on long-term debt	703,269	-	18,730	-
Total governmental activities	<u>19,867,521</u>	<u>2,953,665</u>	<u>3,248,624</u>	<u>3,221,907</u>
Business-type activities:				
Golf course	858,647	877,502	-	-
Storm water utility	654,748	858,646	-	-
Total business-type activities	<u>1,513,395</u>	<u>1,736,148</u>	<u>0</u>	<u>0</u>
Total primary government	<u>\$21,380,916</u>	<u>\$4,689,813</u>	<u>\$3,248,624</u>	<u>\$3,221,907</u>
Component units:				
Economic Development Authority	\$234,970	\$45,881	\$53,400	\$ -
Public Utilities Commission				
Total component units	<u>\$234,970</u>	<u>\$45,881</u>	<u>\$53,400</u>	<u>\$0</u>
General revenues:				
General property taxes				
Payments in lieu of taxes (PILOT)				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings (loss)				
Net increase (decrease) in the fair value of investments				
Gain on sale of capital assets				
Other				
Transfers				
Total general revenues, and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

The accompanying notes are an integral part of these financial statements.

## Statement 2

Net (Expense) Revenue and Changes in Net Position Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development Authority	Public Utilities Commission
(\$2,040,438)	\$ -	(\$2,040,438)	\$ -	\$ -
(3,187,233)	-	(3,187,233)	-	-
(3,427,501)	-	(3,427,501)	-	-
(1,103,614)	-	(1,103,614)	-	-
(684,539)	-	(684,539)	-	-
(10,443,325)	0	(10,443,325)	0	0
-	18,855	18,855	-	-
-	203,898	203,898	-	-
0	222,753	222,753	0	0
(10,443,325)	222,753	(10,220,572)	0	0
			(135,689)	-
			-	-
			(135,689)	0
8,464,200	-	8,464,200	57,087	
924,990	-	924,990	-	
1,766,907	-	1,766,907	2,689	
88,991	6,439	95,430	6,657	
(623,194)	(42,515)	(665,709)	(51,646)	
3,341	-	3,341	44,000	
-	-	-	-	
-	-	-	-	
10,625,235	(36,076)	10,589,159	58,787	0
181,910	186,677	368,587	(76,902)	0
61,593,620	3,376,085	64,969,705	3,230,922	
\$61,775,530	\$3,562,762	\$65,338,292	\$3,154,020	\$0

The accompanying notes are an integral part of these financial statements.

## CITY OF GRAND RAPIDS, MINNESOTA

## BALANCE SHEET

## GOVERNMENTAL FUNDS

December 31, 2022

Item 1.

Statement 3

	101 General Fund	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	484 2022 Infrastructure/ ARPA	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$5,538,624	\$ -	\$8,001,137	\$821,858	\$9,277,960	\$23,639,579
Accrued interest receivable	13,787	-	-	-	-	13,787
Due from other governmental units	279,713	-	-	60,316	908,328	1,248,357
Due from other funds	616,808	-	-	-	-	616,808
Due from component units	16,234	-	-	-	42,084	58,318
Accounts receivable	129,064	-	-	-	97,332	226,396
Pledges receivable	-	-	-	-	8,500	8,500
Interfund loan receivable	1,219,669	-	-	-	-	1,219,669
Prepaid items	192,005	-	-	-	35,693	227,698
Taxes receivable - delinquent	261,174	-	-	-	34,371	295,545
Special assessments receivable	55,783	-	-	-	2,257,482	2,313,265
Lease receivable	-	-	-	-	561,797	561,797
Note receivable	300,000	-	-	-	-	300,000
<b>Total assets</b>	<b>\$8,622,861</b>	<b>\$0</b>	<b>\$8,001,137</b>	<b>\$882,174</b>	<b>\$13,223,547</b>	<b>\$30,729,719</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$149,537	\$ -	\$7,625	\$3,160	\$449,725	\$610,047
Accrued wages payable	123,929	-	-	-	22,594	146,523
Due to other governmental units	26,434	-	-	-	274,363	300,797
Due to component units	52,089	-	-	-	28,479	80,568
Contracts payable	-	-	897,000	45,960	12,129	955,089
Due to other funds	-	17,350	-	-	599,458	616,808
Deposits payable	16,391	-	-	-	8,696	25,087
Interfund loan payable	-	1,111,744	-	-	37,688	1,149,432
Unearned revenue	8,684	-	-	936,962	37,321	982,967
<b>Total liabilities</b>	<b>377,064</b>	<b>1,129,094</b>	<b>904,625</b>	<b>986,082</b>	<b>1,470,453</b>	<b>4,867,318</b>
<b>Deferred inflows of resources:</b>						
Related to leases	-	-	-	-	561,797	561,797
Unavailable revenue	616,957	-	-	60,316	2,309,550	2,986,823
<b>Total deferred inflows of resources</b>	<b>616,957</b>	<b>0</b>	<b>0</b>	<b>60,316</b>	<b>2,871,347</b>	<b>3,548,620</b>
<b>Fund balances:</b>						
Nonspendable	1,411,674	-	-	-	35,693	1,447,367
Restricted	35,374	-	7,096,512	-	6,279,265	13,411,151
Committed	1,169,769	-	-	-	1,030,787	2,200,556
Assigned	-	-	-	-	1,748,247	1,748,247
Unassigned	5,012,023	(1,129,094)	-	(164,224)	(212,245)	3,506,460
<b>Total fund balances</b>	<b>7,628,840</b>	<b>(1,129,094)</b>	<b>7,096,512</b>	<b>(164,224)</b>	<b>8,881,747</b>	<b>22,313,781</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$8,622,861</b>	<b>\$0</b>	<b>\$8,001,137</b>	<b>\$882,174</b>	<b>\$13,223,547</b>	<b>\$30,729,719</b>
Fund balance reported above						\$22,313,781
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, are not reported in the funds.						74,916,682
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:						
Delinquent taxes						295,545
Assessments not yet due or delinquent						2,283,265
Pledges not yet due						8,500
Due from other governmental units						8,130
Other receivable not yet due						69,513
Notes receivable not yet due						300,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:						
Bonds payable and unamortized bond premium						(34,132,801)
Accrued interest payable						(256,803)
Compensated absences payable						(643,823)
Other post employment benefits						(30,544)
An internal service fund is used by management to charge the costs of pension and other post employment benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position.						(4,740,878)
Amounts pertaining to the Grand Rapids Fire Relief Association Pension Plan are not current financial resources, and, therefore, are not reported in the governmental funds:						
Net pension asset						1,095,442
Deferred outflows of resources						400,108
Deferred inflows of resources						(110,587)
<b>Net position of governmental activities</b>						<b>\$61,775,530</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2022

Item 1.

Statement 4

	101 General Fund	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	484 2022 Infrastructure/ ARPA	Other Governmental Funds	Totals Governmental Funds
<b>Revenues:</b>						
Taxes:						
General property	\$5,083,920	\$212,852	\$ -	\$ -	\$2,912,224	\$8,208,996
Tax abatements	-	-	-	-	33,305	33,305
Tax increments	-	-	-	-	273,363	273,363
Payments in lieu of taxes (PILOT)	924,990	-	-	-	-	924,990
Licenses and permits	479,768	-	-	-	-	479,768
Intergovernmental	2,715,337	10,026	-	2,195,783	2,415,863	7,337,009
Special assessments	-	-	-	-	318,005	318,005
Charges for services	1,220,830	-	-	-	1,055,059	2,275,889
Fines and forfeits	69,678	-	-	-	44,382	114,060
Interest and investment income	35,748	863	-	-	52,380	88,991
Net increase (decrease) in the fair value of investments	(245,190)	(3,774)	(40,889)	(17,216)	(316,125)	(623,194)
Contributions and donations	28,690	-	-	-	297,661	326,351
Other	32,736	-	-	-	413,208	445,944
Total revenues	10,346,507	219,967	(40,889)	2,178,567	7,499,325	20,203,477
<b>Expenditures:</b>						
Current:						
General government	2,610,840	6,380	-	-	849,684	3,466,904
Public safety	4,023,059	-	-	-	179,442	4,202,501
Public works	2,724,697	-	-	-	857,845	3,582,542
Culture and recreation	93,722	-	-	-	1,687,944	1,781,666
Miscellaneous	422,144	-	-	-	-	422,144
Capital outlay/construction	-	941,339	1,295,540	2,342,791	1,871,359	6,451,029
Debt service:						
Principal retirement	-	-	-	-	2,495,000	2,495,000
Interest	-	-	-	-	670,696	670,696
Paying agent fees	-	-	-	-	7,075	7,075
Bond issuance costs	-	-	123,390	-	-	123,390
Total expenditures	9,874,462	947,719	1,418,930	2,342,791	8,619,045	23,202,947
Revenues over (under) expenditures	472,045	(727,752)	(1,459,819)	(164,224)	(1,119,720)	(2,999,470)
<b>Other financing sources (uses):</b>						
Bond issuance	-	-	10,000,000	-	-	10,000,000
Sale of capital assets	6,476	-	-	-	-	6,476
Insurance recoveries	49,416	-	-	-	-	49,416
Transfers in	-	155,000	-	-	668,737	823,737
Transfers out	(453,645)	-	(179,811)	-	(190,281)	(823,737)
Total other financing sources (uses)	(397,753)	155,000	9,820,189	0	478,456	10,055,892
Net change in fund balance	74,292	(572,752)	8,360,370	(164,224)	(641,264)	7,056,422
Fund balance - January 1	7,554,548	(556,342)	(1,263,858)	-	9,523,011	15,257,359
Fund balance - December 31	\$7,628,840	(\$1,129,094)	\$7,096,512	(\$164,224)	\$8,881,747	\$22,313,781

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2022

Item 1.

**Statement 5**

Amounts reported for governmental activities in the statement of activities  
(Statement 2) are different because:

Net changes in fund balances - total governmental funds (Statement 4) \$7,056,422

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 and reported as depreciation expense:

Depreciation	(3,906,111)
Capital outlay	6,451,029
Capital outlay not capitalized	(1,292,723)

In the statement of activities only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

(3,135)

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

Change in delinquent taxes	(51,464)
Change in deferred and delinquent special assessments	(285,575)
Change in pledges receivable	(5,887)
Change in other receivable	57,479

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of these differences are:

Proceeds from the issuance of bonds	(10,000,000)
Principal payments on bonds payable	2,495,000
Current year amortization of bond premium	58,826
Change in due from other governmental units accrual related to a federal credit on BAB bonds	(2,504)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:

Change in compensated absences payable	(113,649)
Change in other post employment benefits	98
Change in accrued interest payable	39,066

Governmental funds report Fire Department pension contributions as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense differed from pension contributions.

Pension expense	28,582
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An internal service fund is used by management to charge pension costs to individual funds. This amount is the portion of net revenue attributable to governmental activities.

(343,544)

Change in net position of governmental activities (Statement 2)

\$181,910

The accompanying notes are an integral part of these financial statements.



	Business-Type Activities - Enterprise Funds			Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals	Internal Service
Assets:				
Current assets:				
Cash and cash equivalents	\$213,527	\$716,519	\$930,046	\$ -
Due from component units	-	71,628	71,628	-
Due from other governmental units	306	-	306	-
Accounts receivable	1,458	8,633	10,091	-
Prepaid items	21,588	-	21,588	-
Lease receivable	41,101	-	41,101	-
Total current assets	277,980	796,780	1,074,760	0
Noncurrent assets:				
Capital assets:				
Land and land improvements	871,481	48,205	919,686	-
Buildings and structures	2,604,149	-	2,604,149	-
Machinery, equipment and furniture	1,031,140	519,266	1,550,406	-
Total capital assets	4,506,770	567,471	5,074,241	0
Less: Allowance for depreciation	(1,935,741)	(347,824)	(2,283,565)	-
Net capital assets	2,571,029	219,647	2,790,676	0
Total noncurrent assets	2,571,029	219,647	2,790,676	0
Total assets	2,849,009	1,016,427	3,865,436	0
Deferred outflows of resources - related to pensions	-	-	-	5,547,391
Liabilities:				
Current liabilities:				
Accounts payable	5,603	23,685	29,288	-
Accrued wages payable	2,951	5,807	8,758	-
Due to other governmental units	1,445	623	2,068	-
Due to component units	1,936	4,488	6,424	-
Accrued interest payable	683	-	683	-
Deposits payable	-	43,700	43,700	-
Interfund loan payable	70,237	-	70,237	-
Compensated absences payable - current	2,077	768	2,845	-
Unearned revenue	18,789	-	18,789	-
Total current liabilities	103,721	79,071	182,792	0
Noncurrent liabilities:				
Compensated absences payable	13,663	4,913	18,576	-
Net pension liability	-	-	-	10,184,296
Total noncurrent liabilities	13,663	4,913	18,576	10,184,296
Total liabilities	117,384	83,984	201,368	10,184,296
Deferred inflows of resources:				
Related to leases	41,101	-	41,101	-
Related to pensions	-	-	-	164,178
Total deferred inflows of resources	41,101	0	41,101	164,178
Net position:				
Investment in capital assets	2,571,029	219,647	2,790,676	-
Unrestricted	119,495	712,796	832,291	(4,801,083)
Total net position	\$2,690,524	\$932,443	\$3,622,967	(\$4,801,083)
Net position reported above			\$3,622,967	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.			(60,205)	
Net position of business-type activities			\$3,562,762	

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2022

Item 1.  
Statement 7

	Business-Type Activities - Enterprise Funds			Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals	Internal Service
Operating revenues:				
Season passes	\$208,942	\$ -	\$208,942	\$ -
Green fees	417,529	-	417,529	-
Special play	20,035	-	20,035	-
Rentals and leases	201,912	-	201,912	-
Charges for service	16,100	857,346	873,446	601,126
Total operating revenues	864,518	857,346	1,721,864	601,126
Operating expenses:				
Personnel services	374,464	290,333	664,797	1,050,099
Materials and supplies	80,252	84,504	164,756	-
Other services and charges	272,822	216,303	489,125	-
Depreciation	118,022	50,757	168,779	-
Total operating expenses	845,560	641,897	1,487,457	1,050,099
Operating income (loss)	18,958	215,449	234,407	(448,973)
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	-	-	81,148
Interest and investment income	3,335	3,104	6,439	-
Net increase (decrease) in the fair value of investments	(11,729)	(30,786)	(42,515)	-
Interest expense	(1,657)	-	(1,657)	-
Miscellaneous revenue	12,984	1,300	14,284	-
Total nonoperating revenues (expenses)	2,933	(26,382)	(23,449)	81,148
Change in net position	21,891	189,067	210,958	(367,825)
Net position - January 1	2,668,633	743,376	3,412,009	(4,433,258)
Net position - December 31	\$2,690,524	\$932,443	\$3,622,967	(\$4,801,083)
Changes in net position reported above			\$210,958	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.			(24,281)	
Change in net position of business-type activities (Statement 2)			\$186,677	

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2022

Item 1.  
**Statement 8**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals	Internal Service
Cash flows from operating activities:				
Receipts from customers and users	\$877,280	\$895,289	\$1,772,569	\$ -
Receipts from interfund charges for pension benefits	-	-	-	601,126
Payment to suppliers	(355,018)	(307,952)	(662,970)	(601,126)
Payment to employees	(359,566)	(294,286)	(653,852)	-
Net cash flows provided by operating activities	162,696	293,051	455,747	0
Cash flows from noncapital financing activities:				
Interfund borrowing cash payments	(26,877)	-	(26,877)	-
Interest on interfund borrowing	(1,949)	-	(1,949)	-
Net cash flows provided by (used in) noncapital financing activities	(28,826)	0	(28,826)	0
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(171,416)	(31,230)	(202,646)	-
Net cash flows (used in) capital and related financing activities	(171,416)	(31,230)	(202,646)	0
Cash flows from investing activities:				
Interest and investment income	(8,394)	(27,682)	(36,076)	-
Net increase in cash and cash equivalents	(45,940)	234,139	188,199	0
Cash and cash equivalents - January 1	259,467	482,380	741,847	-
Cash and cash equivalents - December 31	\$213,527	\$716,519	\$930,046	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$18,958	\$215,449	\$234,407	(\$448,973)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	118,022	50,757	168,779	-
Miscellaneous revenue	12,984	1,300	14,284	-
Intergovernmental revenue	-	-	-	81,148
Changes in assets and liabilities:				
Decrease (increase) in receivables	(38,978)	36,643	(2,335)	-
Decrease (increase) in prepaid items	852	-	852	-
Decrease (increase) in deferred outflows of resources	-	-	-	(2,128,645)
Increase (decrease) in unearned revenue	(2,345)	-	(2,345)	-
Increase (decrease) in payables	12,102	(11,098)	1,004	6,948,934
Increase (decrease) in deferred inflows of resources	41,101	-	41,101	(4,452,464)
Total adjustments	143,738	77,602	221,340	448,973
Net cash provided by operating activities	\$162,696	\$293,051	\$455,747	\$0
Noncash capital and related financing activities:				
None				

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2022

Item 1.

**Statement 9**

Assets:

Cash and investments  
Total assets

\$89,101

89,101

Liabilities:

Accounts payable  
Total liabilities

89,101

89,101

Net position:

Restricted

\$0

The accompanying notes are an integral part of these financial statements.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For The Year Ended December 31, 2022

Item 1.

**Statement 10**

Additions:

Lodging tax collections	\$384,346
Cable franchise fee collections	259,631
Total additions	<u>643,977</u>

Deductions:

Payments to other entities	616,995
Administrative fees	26,982
Total deductions	<u>643,977</u>

Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2022

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**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Grand Rapids, Minnesota (the City) was incorporated in 1891 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five member City council elected by voters of the City.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

**A. FINANCIAL REPORTING ENTITY**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. Generally, component units are legally separate organizations for which the officials of the primary government are financially accountable.

**COMPONENT UNITS**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

**Discretely Presented Component Units.** The component unit's columns in the combined financial statements include the financial data of the Economic Development Authority (EDA) and the Public Utilities Commission (PUC) of Grand Rapids. These component units are presented in separate columns to emphasize that they are legally separate from the City.

The EDA's governing board is appointed by the City Council. The primary government is able to impose its will because the City Council has the ability to approve or modify the EDA's budget and to veto or overrule other decisions of the EDA's governing body. The EDA is responsible for advancing the expansion of the local economy through efforts focused on business assistance, recruitment, retention and expansion. Funding for the various programs administered by the EDA is provided through imposed tax levies and state funding sources. The EDA does not issue separate financial statements.

The PUC's governing board is appointed by the City Council. The City guarantees the general obligation debt of the PUC. Separate financial statements for the PUC may be obtained by contacting the City of Grand Rapids, Minnesota.

**JOINT POWERS AGREEMENT – GRAND RAPIDS/ITASCA COUNTY AIRPORT**

The agreement delegates to the City responsibility for all maintenance, management, and operations subject to certain limitations, and specifies the City will be the airport's fiscal agent. Real property, improvements, structures and equipment of the airport are owned 50% by the City and 50% by Itasca County.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**B. 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 nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the fiduciary 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 City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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, special assessments, intergovernmental revenues, charges for services 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.



**CITY OF GRAND RAPIDS, MINNESOTA**  
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The City reports the following major governmental funds:

The *General Fund* is the City'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 *Capital Equipment Replacement Fund* accounts for the accumulation of resources for capital improvement replacement.

The *Civic Center Capital Improvements Fund* accounts for the capital activity of the Civic Center.

The *2022 Infrastructure/ARPA Fund* accounts for infrastructure projects funded by ARPA proceeds and other funding sources.

The City reports the following major proprietary funds:

The *Pokegama Golf Course Fund* accounts for the City's golf course operations.

The *Storm Water Utility Fund* accounts for the City's storm water utility operations. Storm water infrastructure is accounted for by the City's governmental activities.

Additionally, the City reports the following fund types:

*Fiduciary Funds – Custodial Funds* are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City's Custodial Funds account for the lodging tax and the Cable T.V. Commission. The funds are custodial in nature and use the economic resources measurement focus.

*Internal Service Fund* - the pension benefit fund is used to provide pension benefits to other funds of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise funds are charges for service. 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for an allowable use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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#### **D. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General and Special Revenue Funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. These budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a fund basis.
4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Management can amend budgets within each department.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total department level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel; material and supplies; other services and charges; capital outlay) within each activity.
9. The City Council may authorize transfer of budgeted amounts between City funds.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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The following is a listing of Funds whose expenditures exceeded budgeted appropriations:

	Final Budget	Actual	Amount Over Budget
Major Funds:			
General Fund	\$ 9,783,882	\$ 9,874,462	\$ 90,580
Nonmajor Funds:			
211 Public Library	923,212	933,640	10,428
225 Central School	116,550	130,914	14,364
226 Airport Operations	249,838	294,188	44,350
228 IRA Civic Center	542,677	617,390	74,713
231 Haz-Mat	60,000	77,339	17,339
232 Police Forfeiture	25,500	46,317	20,817

The expenditures exceeding budget were funded by available fund balance, interfund loan or other funding sources.

**E. CASH AND INVESTMENTS**

Cash and investment balances of the primary government and the EDA (a component unit) are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Cash and investments of the Public Utilities Commission component unit are maintained and invested separately.

Investments are stated at fair value, based upon quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows of the Proprietary Fund type, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the pooled cash and investments allocated to the primary government's Proprietary Fund types are considered to be cash and cash equivalents.

The PUC component unit does not consider restricted cash and investments to be cash equivalents.

**F. INVESTMENT INCOME**

Investment income consists of interest and dividends received and the change in fair value of investments. The change in fair value consists of realized and unrealized gains and amortization of premiums and discounts.

**G. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each

**CITY OF GRAND RAPIDS, MINNESOTA**  
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calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes, and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

**H. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

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**I. INVENTORIES**

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventory.

**J. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

**K. LAND HELD FOR RESALE**

Land held for resale is valued at the lower of cost or market (net realizable value). Due to the nature of redevelopment activities, cost is frequently higher than the market value. Market values are determined using appraised values or estimated actual sales price.

**L. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost meeting the following thresholds:

Assets	Governmental Funds	Proprietary Funds
Land and land improvements	\$10,000	\$5,000
Buildings and structures	25,000	5,000
Vehicles, equipment and furniture	5,000	2,500
Infrastructure	100,000	5,000

Capital assets are defined by the Public Utilities Commission as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$500.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate

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Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	
Buildings and structures	20 - 40 years
Vehicles, equipment and furniture	5 - 30 years
Infrastructure	25 years
Public utilities	10 - 50 years

**M. LEASE RECEIVABLE**

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the entity may receive additional variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels. These variable payments are excluded from the lease receivable.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable, and is recognized as revenue over the lease term.

**N. INTERFUND TRANSACTIONS AND BALANCES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered, and are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Short-term receivables and payables between funds are classified as "due from other funds" or "due to other funds" on the balance sheet. Such items, which are expected to be eliminated in 2023, represent temporary balances due to interfund billings or reclassifications of funds with internally reported negative cash balances.

Long-term interfund loans are classified as "interfund loan receivable" or "interfund loan payable" on the balance sheet. Interfund loan receivables are offset by nonspendable fund balance in the applicable governmental fund to indicate the related fund balance amount is not in a spendable form and is not available for appropriation.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible amounts are not material for interfund receivables and have not been reported.

**O. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused flexible time off (FTO) and extended medical benefit (EMB). All FTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid EMB since accumulated balances are not paid when employees separate from service with the City.

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**P. 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 being amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 discounts on debt issuances are reported as other financing uses.

**Q. FUND BALANCE CLASSIFICATIONS**

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because they are not in spendable form, such as prepaid items and interfund loans receivable.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.

*Assigned* - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed:

- In governmental funds other than the General Fund, assigned fund balances represent the remaining amount that is not restricted or committed. The City Council retains the authority to assign fund balance, which is performed by resolution when a fund is established.
- In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Currently, no individual has been delegated this authority because no fund balance is assigned in the General Fund.

*Unassigned* - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned, except for the revenue stabilization commitment which is to be used only in certain circumstances as described in Note 15C.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**R. TRANSACTIONS BETWEEN THE CITY AND ITS COMPONENT UNITS**

The City conducts routine transactions with its component units for goods or services provided or received. The PUC reimburses the City for its share of construction costs incurred by the City.

Significant transactions between the City and its component units during 2022 are described in Note 20.

**S. USE OF ESTIMATES**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**T. UTILITY REVENUE RECOGNITION**

Billings are rendered and recorded monthly based on metered usage.

**U. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the pension and other post-employment benefits related deferred outflows of resources reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has leases, pension, and other post-employment benefits related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, due from component units, land held for resale, and notes receivable. Deferred inflows relating to lease receivables are reported on both the statement of Net Position and the governmental fund balance sheet.

**V. PENSION PLANS**

**DEFINED BENEFIT COST SHARING MULTIPLE – EMPLOYER PLANS**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and



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benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SINGLE EMPLOYER PLAN**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Grand Rapids Fire Department Relief Association (Relief) and additions to/deductions from the Relief's fiduciary net position have been determined on the same basis as they were reported by the Relief. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

At December 31, 2022 the carrying amount of the City's deposits with financial institutions was \$19,198,685.

Custodial credit risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State Statutes require that insurance, surety bonds or collateral protect all City deposits. The fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2022, the bank balance of the City's deposits was \$19,293,137 all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

**B. INVESTMENTS**

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorized the City to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

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As of December 31, 2022, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
Brokered CD's	NR	\$6,307,645	\$541,173	\$5,571,222	\$195,250
Federal Home Loan Bank	AAA	332,870	-	332,870	-
Money Market Mutual Fund	AAAm	4,116	4,116	-	-
Total		<u>\$6,644,631</u>	<u>\$545,289</u>	<u>\$5,904,092</u>	<u>\$195,250</u>
NR - Not Rated			Total investments	\$6,644,631	
			Deposits	19,198,685	
			Petty cash	1,040	
			Total cash and investments	<u>\$25,844,356</u>	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 2 investments include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset, or inputs derived principally from or corroborated by observable market data by correlation or other means. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2022:

Investment Type	12/31/2022	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered CD's	\$6,307,645	\$ -	\$6,307,645	\$ -
Federal Home Loan Bank	332,870	-	332,870	-
Money Market Mutual Fund	4,116	-	4,116	-
Total	<u>\$6,644,631</u>	<u>\$ -</u>	<u>\$6,644,631</u>	<u>\$ -</u>

Following is a reconciliation of the City's cash and investment balances as of December 31, 2022:

Cash and investments - primary government:	
Governmental and business-type (Statement 1)	\$24,569,625
Fiduciary (Statement 9)	89,101
Cash and investments - EDA (Statement 1)	1,185,630
Cash and investments - PUC (Statement 1)	
Restricted cash and investments - PUC (Statement 1)	
	<u>\$25,844,356</u>

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**C. INVESTMENT RISKS**

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City policy is to limit its exposure by holding investments in securities with approved security broker/dealers selected by creditworthiness (minimum capital requirement \$10,000,000 and at least five years of operation).

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City's investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. No more than 25% of the total investments should have maturities extending beyond five years and in no circumstances should any extend beyond ten years. The policy also states the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating needs which may be reasonably anticipated.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to commercial paper to those rated in the highest quality category by at least two nationally recognized rating agencies; in any security of the State of Minnesota or any of its municipalities which is rated "A" or better by a national bond rating service for general obligation and rated "AA" or better for a revenue obligation; a general obligation of the Minnesota Housing Finance Agency to those rated "A" or better by a national bond rating agency; mutual funds or money market funds whose investments are restricted to securities described in MS 118A.04. The City's investment policy does not place further restrictions on investment options.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The City does not have exposure to a single issuer that equals or exceeds 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

Investment balances at December 31, 2022 for the Public Utilities Commission are as follows:

Demand deposits and cash on hand	\$5,609,964
U.S. Agencies	1,070,000
Certificates of deposits - negotiable	982,000
Total cash and investments	7,661,964
Less restricted amounts	(3,972,818)
Total cash and investments - unrestricted	<u>\$3,689,146</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2022 are as follows:

	Primary Government				
	Major Funds				
	General	Pokegama Golf Course	Storm Water Utility	Nonmajor Funds	EDA
Special assessments receivable	\$44,098	\$ -	\$2,658	\$2,044,069	\$2,090,825
Property taxes receivable	150,648	-	-	19,826	170,474
Interfund loan receivable	957,630	-	-	-	957,630
Pledges receivable	-	-	-	8,500	8,500
Notes receivable	300,000	-	-	-	300,000
Lease receivable	-	18,898	-	390,322	409,220
	<u>\$1,452,376</u>	<u>\$18,898</u>	<u>\$2,658</u>	<u>\$2,462,717</u>	<u>\$3,936,649</u>
					<u>\$595,636</u>

**PLEDGES RECEIVABLE**

The City completed construction on a multi-use pavilion addition to the IRA Civic Arena in 2018. A portion of the funding was a capital drive, which began in 2016. As shown above, as of December 31, 2022, outstanding pledges receivable were \$8,500.

**NOTES RECEIVABLE**

The City issued a note receivable for \$300,000 due from Grand Plaza Housing Limited Partnership. The note is due January 1, 2039 and has a zero percent (0%) interest rate.

**Note 4 UNAVAILABLE REVENUES**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Special Assessments	Land Held for Resale	Notes Receivable	Other Receivables	Total
Primary government:						
Major funds:						
General Fund	\$261,174	\$55,783	\$ -	\$300,000	\$ -	\$616,957
484 2022 Infrastructure / ARPA	-	-	-	-	60,316	60,316
Nonmajor Funds	34,371	2,257,482	-	-	17,697	2,309,550
Total primary government	<u>295,545</u>	<u>2,313,265</u>	<u>0</u>	<u>300,000</u>	<u>78,013</u>	<u>2,986,823</u>
EDA (discretely presented component unit)	-	-	2,831,472	807,370	-	3,638,842
Total unavailable revenue	<u>\$295,545</u>	<u>\$2,313,265</u>	<u>\$2,831,472</u>	<u>\$1,107,370</u>	<u>\$78,013</u>	<u>\$6,625,665</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**Note 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The City has approved five interfund loans. One loan was made to the Pokegama Golf Course for the Pokegama Golf and Park Place Project and the Pokegama Golf Course Irrigation Control Project. Loans were also made to the IRA Civic Center Fund and the Capital Equipment Replacement Fund as financing to those funds for capital expenditures. A summary at December 31, 2022 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major funds:		
General Fund	\$1,219,669	\$ -
407 Capital Equipment Replacement	-	1,111,744
613 Pokegama Golf Course	-	70,237
Nonmajor funds:		
Special revenue funds:		
228 IRA Civic Center	-	37,688
Total	<u>\$1,219,669</u>	<u>\$1,219,669</u>

Amounts reported as due to/from other funds at December 31, 2022 are as follows:

	Due From Other Funds	Due To Other Funds
Major funds:		
General Fund	\$616,808	\$ -
407 Capital Equipment Replacement	-	17,350
Nonmajor funds:		
Special Revenue Funds:		
228 IRA Civic Center	-	43,145
231 Haz-Mat	-	13,762
Capital Project Funds:		
403 GR/Cohasset Industrial Park	-	363,204
413 Airport Capital Fund	-	179,347
Total	<u>\$616,808</u>	<u>\$616,808</u>

Due to/from other funds represent temporary balances due to interfund billings and reclassifications of funds with internally reported negative cash balances. The latter will be eliminated with a combination of tax levies, grant funds, bond proceeds and other operating revenues.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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Amounts reported as interfund transfers at December 31, 2022 are as follows:

	Transfers In		Total
	407 Capital Equipment Replacement	Nonmajor Funds	
Transfers out:			
Major funds:			
General Fund	\$155,000	\$298,645	\$453,645
483 Civic Center Capital Improvements	-	179,811	179,811
Nonmajor funds	-	190,281	190,281
Total	<u>\$155,000</u>	<u>\$668,737</u>	<u>\$823,737</u>

The City makes routine interfund transfers to allocate financial resources to the funds that receive benefit from services provided by another fund or to establish or close-out funds. During 2022, the City made transfers from the General Fund to Special Revenue Funds (\$144,942) to provide ongoing support, to the G.O. Street Reconstruction Bonds of 2013B Debt Service Fund (\$150,000) as part of its debt financing plan, and to Capital Project Funds (\$155,000) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$182,526) and debt service purposes (\$191,269).

**Note 6 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
<b>Primary Government</b>					
Governmental activities:					
Capital assets, not being depreciated:					
Land and land improvements	\$7,095,296	\$24,061	\$ -	(\$380,105)	\$6,739,252
Artwork	19,800	162,765	-	-	182,565
Construction in progress	13,063,385	4,143,851	(2,535,788)	-	14,671,448
Total capital assets, not being depreciated	<u>20,178,481</u>	<u>4,330,677</u>	<u>(2,535,788)</u>	<u>(380,105)</u>	<u>21,593,265</u>
Capital assets, being depreciated:					
Buildings and structures	30,223,877	487,202	(54,260)	380,105	31,036,924
Vehicles, equipment and furniture	13,529,177	1,063,165	(739,068)	-	13,853,274
Infrastructure	80,354,278	1,813,050	-	-	82,167,328
Total capital assets, being depreciated	<u>124,107,332</u>	<u>3,363,417</u>	<u>(793,328)</u>	<u>380,105</u>	<u>127,057,526</u>
Less accumulated depreciation for:					
Buildings and structures	19,624,490	673,624	(51,125)	-	20,246,989
Vehicles, equipment and furniture	8,823,721	717,850	(739,068)	-	8,802,503
Infrastructure	42,169,980	2,514,637	-	-	44,684,617
Total accumulated depreciation	<u>70,618,191</u>	<u>3,906,111</u>	<u>(790,193)</u>	<u>0</u>	<u>73,734,109</u>
Total capital assets being depreciated - net	<u>53,489,141</u>	<u>(542,694)</u>	<u>(3,135)</u>	<u>380,105</u>	<u>53,323,417</u>
Governmental activities capital assets - net	<u>\$73,667,622</u>	<u>\$3,787,983</u>	<u>(\$2,538,923)</u>	<u>\$0</u>	<u>\$74,916,682</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government</b>				
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$919,686	\$ -	\$ -	\$919,686
Total capital assets, not being depreciated	919,686	0	0	919,686
Capital assets, being depreciated:				
Buildings and structures	2,445,317	158,832	-	2,604,149
Machinery, equipment and furniture	1,506,592	43,814	-	1,550,406
Total capital assets, being depreciated	3,951,909	202,646	0	4,154,555
Less accumulated depreciation for:				
Buildings and structures	1,084,985	68,117	-	1,153,102
Machinery, equipment and furniture	1,029,801	100,662	-	1,130,463
Total accumulated depreciation	2,114,786	168,779	0	2,283,565
Total capital assets being depreciated - net	1,837,123	33,867	0	1,870,990
Business-type activities capital assets - net	\$2,756,809	\$33,867	\$0	\$2,790,676
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Discretely Presented Component Units</b>				
Public Utilities Commission:				
Capital assets, not being depreciated:				
Land and land rights	\$1,964,831	\$ -	\$ -	\$1,964,831
Construction in progress	262,286			262,286
Total capital assets, not being depreciated	2,227,117	0	0	2,227,117
Capital assets, being depreciated/amortized:				
Intangibles	606,148	-	-	606,148
Infrastructure	46,470,650	-	-	46,470,650
Buildings and improvements	34,155,255	-	-	34,155,255
Machinery and equipment	38,024,436	-	-	38,024,436
Total capital assets, being depreciated/amortized	119,256,489	0	0	119,256,489
Less accumulated depreciation/amortization for:				
Intangibles	469,943	-	-	469,943
Infrastructure	19,935,016	-	-	19,935,016
Buildings and improvements	23,815,310	-	-	23,815,310
Machinery and equipment	16,824,007	-	-	16,824,007
Total capital assets, being depreciated/amortized	61,044,276	0	0	61,044,276
Total capital assets being depreciated/amortized - net	58,212,213	-	-	58,212,213
Public Utilities Commission capital assets - net	\$60,439,330	\$0	\$0	\$60,439,330

**CITY OF GRAND RAPIDS, MINNESOTA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$157,302
Public safety	323,822
Public works, including depreciation of general infrastructure assets	3,106,278
Culture and recreation	318,709
Total depreciation expense - governmental activities	<u>\$3,906,111</u>
Business-type activities:	
Golf course	\$118,022
Storm water utility	50,757
Total depreciation expense - business-type activities	<u>\$168,779</u>

**Note 7 LEASE RECEIVABLES**

The City leases a portion of its land for a Solar Garden. This lease is non-cancelable for a period of 25 years, with three renewal periods of 5 years at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreement calls for monthly lease payments of \$5,500 - \$6,624, with increases of 1% each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases Golf Concessions to Pokegama Grill. This lease is non-cancelable for a period of 2 years. The agreement calls for monthly lease payments of \$2,000. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases 351 square feet of Pro Shop space to Bob's Pro Shop. This lease is non-cancelable for a period of 27 months. The agreement calls for monthly lease payments of \$475-\$489. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases ice to ISD #318. This lease is non-cancelable for a period of 3 years. The agreement calls for monthly lease payments of \$14,336-\$15,208. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

At December 31, 2022, the City recorded \$602,898 in leases receivables and deferred inflows of resources for these arrangements.



**CITY OF GRAND RAPIDS, MINNESOTA**  
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Total revenue recognized in relation to these leases is as follows:

Amortization of lease-related deferred inflows	
Land leases	\$1,293
Space leases	181,671
Total revenue recognized resulting from deferred inflow amortization	182,964
Interest revenue	20,279
Other lease related revenues	8,179
Total revenue recognized in relation to leased assets	\$211,422

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**Note 8 LONG-TERM DEBT**

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2022, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/2022
<b>Primary Government</b>					
<u>Governmental Activities:</u>					
G.O. Tax Increment Bonds:					
Refunding TIF Bonds Series 2017B	4.20 - 4.00	12/28/2017	2/1/2034	\$705,000	\$580,000
G.O. Improvement Bonds:					
Improvement Bonds of 2009C	1.85 - 4.30	9/1/2009	2/1/2025	4,565,000	1,065,000
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026	1,115,000	250,000
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027	1,555,000	370,000
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028	2,245,000	960,000
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027	4,175,000	1,505,000
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030	3,000,000	1,430,000
Improvement Refunding Bonds of 2017B	2.30 - 3.00	12/28/2017	2/1/2034	2,215,000	460,000
Total G.O. Improvement Bonds				<u>18,870,000</u>	<u>6,040,000</u>
Other General Obligation Bonds:					
Street Reconstruction Bonds of 2013B	3.00 - 3.50	9/1/2013	2/1/2029	4,025,000	2,100,000
Street Reconstruction Bonds of 2016A	0.85 - 2.20	10/5/2016	2/1/2032	2,170,000	1,525,000
Street Reconstruction Bonds of 2017A	3.00 - 3.50	9/7/2017	2/1/2033	2,130,000	1,670,000
Street Reconstruction Bonds of 2018A	3.00 - 3.25	10/18/2018	2/1/2034	1,960,000	1,640,000
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036	2,275,000	2,150,000
G.O. Abatement Bonds of 2019A	2.00 - 3.00	9/5/2019	2/1/2035	1,585,000	1,425,000
G.O. Abatement Bonds of 2021B	2.00 - 2.75	7/1/2021	2/1/2042	6,255,000	6,255,000
G.O. Temporary Bonds of 2022A	4.75	12/22/2022	12/1/2025	10,000,000	10,000,000
Total other general obligation bonds				<u>30,400,000</u>	<u>26,765,000</u>
Total bonded debt - governmental activities				<u>49,975,000</u>	<u>33,385,000</u>
Bond premium				1,028,005	747,801
Compensated absences				N/A	643,823
Total governmental activities				<u>\$51,003,005</u>	<u>\$34,776,624</u>
<u>Business-Type Activities:</u>					
Compensated absences				N/A	\$21,421
Total business-type activities				<u>\$0</u>	<u>\$21,421</u>
<u>Component Units:</u>					
EDA:					
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035	\$350,000	\$227,500
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029	100,000	100,000
Note payable - Blandin	0.00	2016	2026	175,000	58,345
Note payable - EWCL	0.00	4/1/2020	10/1/2026	650,000	375,417
Note payable - Blandin	0.00	1/29/2021	1/29/2026	140,000	140,000
Special assessment payable				657,883	637,848
Total EDA				<u>2,072,883</u>	<u>1,539,110</u>
Public Utilities:					
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029	26,370,232	11,017,000
G.O. Utility Revenue Bonds of 2013C	2.00 - 4.50	7/15/2013	2/1/2029	2,305,000	155,000
G.O. Refunding Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025	872,000	582,500
G.O. Refunding Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029	1,210,000	1,195,000
G.O. Refunding Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033	1,120,000	1,120,000
Total public utilities				<u>31,877,232</u>	<u>14,069,500</u>
Total component units				<u>\$33,950,115</u>	<u>\$15,608,610</u>

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Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31,	G.O. Tax Increment Bonds		G.O. Improvement Bonds		Other G.O. Bonds	
	Governmental Activities		Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$40,000	\$15,925	\$1,420,000	\$167,505	\$1,130,000	\$848,376
2024	35,000	14,800	1,310,000	123,616	1,165,000	845,058
2025	40,000	13,815	1,175,000	81,163	11,195,000	813,127
2026	40,000	12,895	755,000	50,067	1,240,000	304,783
2027	45,000	11,918	715,000	29,447	1,255,000	270,227
2028	45,000	10,725	330,000	14,473	1,300,000	234,302
2029	50,000	9,300	165,000	7,240	1,335,000	197,243
2030	55,000	7,725	170,000	2,465	1,025,000	165,664
2031	50,000	6,150	-	-	1,050,000	140,681
2032	55,000	4,575	-	-	1,075,000	116,264
2033	60,000	2,850	-	-	930,000	92,658
2034	65,000	975	-	-	770,000	73,135
2035	-	-	-	-	620,000	58,774
2036	-	-	-	-	505,000	48,110
2037	-	-	-	-	345,000	39,950
2038	-	-	-	-	350,000	33,000
2039	-	-	-	-	360,000	25,900
2040	-	-	-	-	365,000	18,650
2041	-	-	-	-	370,000	11,300
2042	-	-	-	-	380,000	3,800
Total	\$580,000	\$111,653	\$6,040,000	\$475,976	\$26,765,000	\$4,341,002

Year Ending December 31,	Revenue Bonds and Notes	
	PUC Component Unit	
	Principal	Interest
2023	\$1,920,500	\$408,935
2024	1,968,000	315,693
2025	2,012,000	267,679
2026	1,871,000	218,003
2027	1,917,000	167,440
2028-2032	4,281,000	192,073
2033	100,000	1,000
Total	\$14,069,500	\$1,570,823

**CITY OF GRAND RAPIDS, MINNESOTA**  
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Year Ending December 31,	Revenue Bonds and Notes EDA Component Unit	
	Principal	Interest
2023	\$17,500	\$ -
2024	17,500	-
2025	17,500	-
2026	17,500	-
2027	17,500	-
2028-2032	87,500	-
2033-2035	52,500	-
Total	<u>\$227,500</u>	<u>\$0</u>

**CHANGE IN LONG-TERM LIABILITIES**

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

	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable:					
G.O. Tax increment bonds	\$615,000	\$ -	(\$35,000)	\$580,000	\$40,000
G.O. Improvement bonds	7,650,000	-	(1,610,000)	6,040,000	1,420,000
Other G.O. bonds	17,615,000	10,000,000	(850,000)	26,765,000	1,130,000
Bond premium	806,627	-	(58,826)	747,801	-
Compensated absences *	530,174	113,649	-	643,823	81,612
Total governmental activities	<u>\$27,216,801</u>	<u>\$10,113,649</u>	<u>(\$2,553,826)</u>	<u>\$34,776,624</u>	<u>\$2,671,612</u>
<b><u>Business Type Activities:</u></b>					
Compensated absences *	\$13,381	\$8,040	\$ -	\$21,421	\$2,845
Total business-type activities	<u>\$13,381</u>	<u>\$8,040</u>	<u>\$0</u>	<u>\$21,421</u>	<u>\$2,845</u>
<b><u>Component Units:</u></b>					
Note payables - EDA	\$1,383,165	\$ -	(\$481,903)	\$901,262	\$17,500
Assessment payable - EDA	657,883	-	(20,035)	637,848	-
Direct Placement - PUC	3,105,500	-	(208,000)	2,897,500	323,500
G.O. Revenue bonds and notes - PUC	13,994,000	-	(2,822,000)	11,172,000	1,597,000
Unamortized premiums and discounts - PUC	86,687	-	-	86,687	-
Compensated absences - PUC *	316,230	-	-	316,230	-
Total component units	<u>\$19,543,465</u>	<u>\$0</u>	<u>(\$3,531,938)</u>	<u>\$16,011,527</u>	<u>\$1,938,000</u>

\* The change in compensated absences is presented as a net change.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**TAXABLE NOTE PAYABLES - EDA**

In 2010, the EDA entered into a \$100,000 mortgage agreement, without interest, with the Charles K. Blandin Foundation. The proceeds of this note were used to finance soil correction of EDA land held for resale at Block 20/21. The EDA has pledged proceeds from the sale of Block 20/21 to payment of this note upon the earlier of the sale of Block 20/21 or the extended maturity date of the note (December 31, 2029).

This note is a special limited obligation of the EDA. This note shall not be payable from nor charged upon any funds other than the proceeds of the sale of Block 20/21, nor shall the EDA be subject to any liability hereon or have the powers to obligate itself to pay this note from funds other than the proceeds of the sale of Block 20/21 and no holder of this note shall ever have the right to compel any exercise of any taxing power of the EDA or the City or any other public body, to pay this note, nor to enforce payment thereof against any property of the EDA or other public body other than that expressly pledged for payment of the note.

On July 16, 2015, the EDA entered into a \$350,000 mortgage agreement, without interest, with the Charles K. Blandin Foundation. The proceeds of this note were used to finance the Economic Development Opportunity at the Grand Rapids Airport. The note is payable in annual installments of \$17,500 through the year 2035 commencing one calendar year after the funds are disbursed. The note may be fully or partially prepaid at any time.

In 2017 the EDA obtained a loan from the Blandin Foundation in the amount of \$175,000 for the purpose of providing financing for economic development projects. The loan proceeds were used to provide loans to private developers. The debt to the Blandin Foundation is payable solely from and to the extent of repayment of the developer loans.

In 2020, the EDA entered into a \$650,000 loan agreement with the Blandin Foundation. The loan proceeds were used to provide emergency working capital loans to local business. The loan matures on October 1, 2026. The interest rate is 0%.

In 2021, the EDA entered into a \$140,000 loan agreement with the Blandin Foundation. The loan matures on January 29, 2026. The interest rate is 0%.

**TAXABLE GENERAL OBLIGATION WASTEWATER REVENUE NOTE, SERIES 2009E**

In 2009, the City authorized the issuance of the Taxable General Obligation Wastewater Revenue Note (Public Utilities Project), Series 2009E in the amount of \$28,509,779, payable to the Minnesota Public Facilities Authority. The bonds were closed in 2012 and the total draws made were \$26,370,232. As of December 31, 2022, the outstanding balance on the note was \$11,017,000.

The Note is secured by first, all Letter of Credit proceeds; second, net revenues of the Public Utilities Wastewater Fund; and third, ad valorem taxes levied by the City in the event proceeds of the Letter of Credit and net revenues are insufficient to pay when due the principal and interest on the Note.

The net revenues are supported by a Demand Charge Agreement between the City, Public Utilities Commission and Blandin Paper Company (the Company). Among other things, the demand charge agreement requires the Company to pay 90% of the debt service on the Note.

The demand charge is secured by an Irrevocable Letter of Credit issued by Nordea Bank Finland PLC.

In accordance with Generally Accepted Accounting Principles, the Series 2009E Note is recorded in the financial statements of the Public Utilities Commission.

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**REVENUE PLEDGED**

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement, 2007B	Street reconstruction	MSA allotments	100%	2007-2022	\$ -	\$76,538	\$76,538
G.O. Improvement, 2009C (Build America Bond)	Infrastructure improvements	Special assessments Federal BAB credit Ad Valorem Taxes	24% 10% 66%	2010-2024	\$1,150,202	\$404,335	\$330,748
G.O. Improvement, 2010A	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	34% 66%	2012-2026	\$268,186	\$69,700	\$60,757
G.O. Improvement, 2011B	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	56% 46%	2012-2026	\$399,292	\$81,962	\$54,317
G.O. Improvement, 2012A	Infrastructure improvements	Special assessments Ad Valorem Taxes	32% 68%	2013-2027	\$1,054,576	\$181,147	\$116,988
G.O. Improvement, 2012B	Street reconstruction	MSA allotments	100%	2013-2027	\$1,597,965	\$317,728	\$317,728
G.O. Street Reconstruction, 2013B	Street reconstruction	Ad Valorem Taxes	100%	2014-2029	\$2,354,944	\$331,688	\$126,819
G.O. Improvement, 2014A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	20% 80%	2014-2029	\$1,573,905	\$237,330	\$228,734
G.O. Street Reconstruction, 2016A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	80% 20%	2016-2032	\$1,688,390	\$167,510	\$167,054
G.O. Street Reconstruction, 2017A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	13% 87%	2018-2033	\$1,987,062	\$180,051	\$168,743
G.O. Refunding, 2017B	Refund of 2006A, 2007A, 2008A, 2008B and 2008C bonds	Special assessments Tax Increment Ad Valorem Taxes	11% 28% 61%	2018-2034	\$1,163,503	\$507,374	\$213,866
G.O. Improvement, 2018A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes Special assessments	81% 19%	2018-2033	\$1,961,556	\$167,063	\$161,805
G.O. Improvement, 2019A	Abatement Bond	Ad Valorem Taxes Tax abatement	92% 8%	2019-2035	\$1,647,335	\$126,580	\$170,116
G.O. Street Reconstruction, 2020A	CIP Projects, and equipment	Special assessments Ad Valorem Taxes	92% 8%	2020-2036	\$2,403,136	\$163,612	\$192,311
G.O. Improvement, 2021B	CIP projects, Abatement Bond	Ad Valorem Taxes Tax abatement	80% 20%	2022-2042	\$7,666,288	\$153,075	\$404,397
G.O. Temporary, 2022A	CIP projects, Abatement Bond, and equipment	Ad Valorem Taxes Tax abatement	34% 66%	2022-2025	\$11,397,292	\$ -	\$ -

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**Note 9 DEFINED BENEFIT PENSION PLANS**

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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**2. PEPFF Benefits**

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. CONTRIBUTIONS**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**1. GERS Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2022 were \$299,429. The City's contributions were equal to the required contributions as set by state statute.

**2. PEPFF Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022 were \$301,697. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

**1. GERS Pension Costs**

At December 31, 2022, the City reported a liability of \$4,253,058 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$124,745.



**CITY OF GRAND RAPIDS, MINNESOTA**  
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The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0537% at the end of the measurement period and 0.0523% for the beginning of the period.

City's proportionate share of the net pension liability	\$4,253,058
State of Minnesota's proportionate share of the net pension liability associated with the City	124,745
Total	<u>\$4,377,803</u>

For the year ended December 31, 2022, the City recognized pension expense of \$573,215 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$18,640 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2022, the City reported its proportionate share of the GERS's 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	\$35,525	\$45,486
Changes in actuarial assumptions	962,544	17,524
Difference between projected and actual investment earnings	75,245	-
Changes in proportion	81,523	7,061
Contributions paid to PERA subsequent to the measurement date	161,280	-
Total	<u>\$1,316,117</u>	<u>\$70,071</u>

The \$161,280 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2023	\$409,539
2024	405,789
2025	(115,188)
2026	384,626
2027	-
Thereafter	-

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**2. PEPFF Pension Costs**

At December 31, 2022, the City reported a liability of \$5,931,238 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1363% at the end of the measurement period and 0.1298% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$408,003 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$50,241 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$12,267 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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At December 31, 2022, the City reported its proportionate share of the PEPFF's 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	\$362,961	\$ -
Changes in actuarial assumptions	3,491,447	36,620
Difference between projected and actual investment earnings	82,181	-
Changes in proportion	129,471	57,487
Contributions paid to PERA subsequent to the measurement date	165,214	-
Total	<u>\$4,231,274</u>	<u>\$94,107</u>

The \$165,214 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2023	\$806,206
2024	759,828
2025	671,336
2026	1,228,769
2027	505,814
Thereafter	-

The net pension liability will be liquidated by the Pension Benefit Internal Service Fund.

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% a year and that increase was used in the valuation.

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Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERF were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The single discount rate was changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25%	0.75%
Private markets	25%	5.90%
Total	100%	

**F. DISCOUNT RATE**

The discount rate for the GERF used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**G. PENSION LIABILITY SENSITIVITY**

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the GERF net pension liability	\$6,717,927	\$4,253,058	\$2,231,484
	1% Decrease in Discount Rate (4.4%)	Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City's proportionate share of the PEPFF net pension liability	\$8,976,167	\$5,931,238	\$3,469,594

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**I. PENSION EXPENSE**

Pension expense recognized by the City for the year ended December 31, 2022 is as follows:

GERF	\$573,215
PEPFF	408,003
Fire Relief (Note 11)	(23,582)
Total	<u>\$957,636</u>

**Note 10 DEFINED CONTRIBUTION PLAN**

Four council members of the City of Grand Rapids are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**CITY OF GRAND RAPIDS, MINNESOTA**  
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Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer (Pension Expense)	Employee	Employer	Rate
\$1,716	\$1,716	5%	5%	5%

**Note 11 SINGLE EMPLOYER PLAN**

**A. PLAN DESCRIPTION**

All members of the Grand Rapids Fire Department are covered by a defined benefit plan administered by the Grand Rapids Fire Department Relief Association (Relief Association). The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 424A and 424B.

**B. BENEFITS PROVIDED**

The Relief Association provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established in accordance with the State Statute and vest after ten years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Relief Association within the parameters provided by State Statutes.

Twenty Year Service Pension

A member of the Association who shall have served in the Grand Rapids Fire Department for at least 20 years, but has not reached the age of 50 years, may retire from said department and be placed on the deferred pension roll. When the member reaches the age of 50 years, upon application, the member shall be paid the sum of \$6,500 for each full year of active service. For members retiring prior to January 1, 2015, during the time the member is on the deferred pension roll, the Association shall add to the amount payable to such member interest, compounded annually, at the rate of 5% per year. Fully vested members will be eligible to receive the final year on a pro-rated basis. For members retiring after January 1, 2015, the amount payable will be transferred to a separate investment vehicle held by the Relief Association. The deferred member bears the full investment risk subsequent to transfer. When the member applies for their pension, the deferred service pension shall be equal to the fair value of the member's separate investment vehicle.

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Disability Benefits

A member who becomes permanently disabled from being an active firefighter in the Fire Department of the City of Grand Rapids will be eligible to collect a disability benefit in an amount equal to his/her full years of active service multiplied by the yearly lump sum service pension rate. If a member receives a disability benefit and subsequently returns to active duty, the total disability benefit will be deducted from his/her service pension.

Survivor Benefits

To be eligible to receive a survivor benefit, a participant must satisfy the following requirements:

- (i) Have died in active service with the Fire Department; or
- (ii) Have died prior to receiving his retirement benefit.

If a participant in active service dies, the participant's beneficiary shall receive a lump sum payment equal to 100% of the participant's accrued benefit.

If a participant who has retired or ceased from active service dies, the participant's beneficiary shall receive a lump sum survivor benefit determined as follows:

Years of active service credited to participant	multiplied by	Benefit level in effect for participant	multiplied by	Vesting percentage for completed years of active
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The survivor benefit level will be the benefit level in effect at the participant's separation date. However, if the participant had a break in service, the survivor benefit level shall be determined as described in the definition of break in service.

Such survivor benefit shall be paid to the participant's beneficiary as soon as administratively feasible following the participant's death and the approval of the survivor benefit payment request form.

A participant's beneficiary shall be as follows:

- (a) The participant's surviving spouse; or
- (b) If no surviving spouse, the participant's surviving children; or
- (c) If no surviving spouse or surviving children, the participant's designated beneficiary or beneficiaries.

State Supplemental Benefits

Minnesota Statute 424A.10 provides for the payment of a supplemental benefit equal to ten percent of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of a State income tax exclusion for lump sum distributions and will no longer be available if State tax law is modified to exclude lump sum distributions from State income tax. The Association qualifies for these benefits.

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**C. EMPLOYEES COVERED BY BENEFIT TERMS**

At December 31, 2022, the following employees were covered by the benefit terms:

Retired members entitled to benefits, but have not received them	12
Current members:	
Fully vested (20 years or more)	3
Partially vested (10 years to 19 years)	8
Nonvested (less than 10 years)	19
	<u>42</u>
Total	<u>42</u>

**D. CONTRIBUTIONS**

Minnesota Statutes Chapter 424A.092 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief Association is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief Association. The City's contributions to the Relief Association for the year ended December 31, 2022, were \$5,000. State aid contributions for the year ended December 31, 2022, were \$132,100.

**E. NET PENSION LIABILITY**

The City's net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022.

**F. ACTUARIAL ASSUMPTIONS**

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Expected long-term investment return	6.00%
20-year municipal bond yield	N/A
Salary increases	2.50%
Inflation	None
Age of service retirement	50
Post retirement benefit increase	N/A

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.



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The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of the measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Weight</u>	<u>Expected Class Return</u>
Cash	5%	2.00%
Fixed income	37%	3.90%
Equities	57%	7.90%
Other	1%	7.00%
Total portfolio	100%	6.00%

**G. DISCOUNT RATES**

The discount rate used to measure the total pension liability was 6.00%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations." The determination of the discount rate assumed that the plan's current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan's long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**H. CHANGES IN THE NET PENSION LIABILITY**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at January 1, 2022	\$2,133,320	\$3,647,570	(\$1,514,250)
Changes for the year:			
Service cost	96,594	-	96,594
Interest cost	109,591	-	109,591
Assumption changes	(71,281)	-	(71,281)
Plan changes	-	-	-
Contributions - employer	-	5,000	(5,000)
On behalf contributions - State of MN	-	132,100	(132,100)
Projected investment return	-	183,640	(183,640)
Gain or loss	(46,387)	(640,602)	594,215
Benefit payments	(76,200)	(76,200)	-
Administrative expense	-	(10,429)	10,429
Other changes	-	-	-
Net changes	12,317	(406,491)	418,808
Balance at December 31, 2022	\$2,145,637	\$3,241,079	(\$1,095,442)

**I. PENSION LIABILITY (ASSET) SENSITIVITY**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.00 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 (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net pension liability (asset)	(\$1,024,161)	(\$1,095,442)	(\$1,163,146)

**J. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Relief Association financial report. That report may be obtained by writing to Grand Rapids Fire Department Relief Association, 104 SE 11<sup>th</sup> Street, Grand Rapids, Minnesota, 55744.

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**K. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended December 31, 2022, the City recognized pension expense of (\$23,582). The City also recognized \$132,100 for the year ended December 31, 2022, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2022 the City 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
Difference between projected and actual investment earnings	\$315,645	\$ -
Differences between expected and actual economic experience	43,222	49,489
Changes in actuarial assumptions	41,241	61,098
Total	<u>\$400,108</u>	<u>\$110,587</u>

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

Year Ended December 31,	Expense Amount
2023	\$19,398
2024	73,654
2025	89,213
2026	126,365
2027	(2,301)
Thereafter	(16,808)

**Note 12 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. PLAN DESCRIPTION**

In addition to providing the pension benefits described in Note 9 and 10, the City provides post-employment health care benefits, as defined in paragraph B, through The Operating Engineers Local #49 Health and Welfare Fund (the plan). The plan is a multi-employer defined benefit OPEB plan administered by a plan administrator selected by the plan. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**B. BENEFITS PROVIDED**

Clerical and Public Works Employees

Clerical and public works employees who retire at age 55 or older with 10 or more years of service may continue medical coverage in the Operating Engineer Local #49 Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is required to allow retirees to continue participation in the plan until age 65. The City is required to pay

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\$100 per month and the retiree is required to pay the remaining portion of the premium cost. The premium is a blended rate premium determined on the entire active and retired population. Since the projected claims costs for the retirees exceed the premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit).

**Police and Sergeants**

Police and sergeant employees who retire at age 55 or older with 3 or more years of service, or any age with 30 years of service (if hired before 7/1/89), or whose age plus service is at least 90, may continue medical coverage in the City Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is required to allow retirees to continue participation in the Plan until age 65. The City is required to pay \$100 per month and the retiree is required to pay the remaining portion of the premium cost. The premium is a blended rate premium determined on the entire active and retired population. Since the projected claims costs for the retirees exceed the premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit).

**Exempt and Library Employees**

Exempt and library employees who retire at age 55 and older with 3 or more years of service, or any age with 30 years of service (if hired before 7/1/89), or whose age plus service is at least 90, may continue medical coverage in the City Plan until age 65. The retiree is required to pay 100% of their premium cost. The premium is a blended rate premium determined on the entire active and retired population. Since the projected claims costs for the retirees exceed the premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit).

**C. PARTICIPANTS**

At December 31, 2022, the following employees were covered by the benefit terms:

Active employees electing coverage	48
Retirees electing coverage	-
Spouses electing coverage	-
Total	<u>48</u>

**D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY**

The City's total OPEB liability of \$22,253 was measured as of January 1, 2022 and was determined by an actuarial valuation dated January 1, 2021. Changes in the total OPEB liability during 2022 were:

Balance - beginning of year	<u>\$19,792</u>
Changes for the year:	
Service cost	2,025
Interest cost	436
Plan changes	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	-
Net changes	<u>2,461</u>
Balance - end of year	<u>\$22,253</u>

There were no plan changes since the measurement date of January 1, 2022.

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**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	varied by contract
Discount rate	2.00%
20-year municipal bond yield	2.00%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2021 valuation are similar to those used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2016 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019.

There were no changes in actuarial assumptions or other inputs since the prior measurement date.

**F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current discount rate:

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	\$24,012	\$22,253	\$20,584

**G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES**

The Healthcare cost trend rate is not applicable as the subsidized benefit is not assumed to increase. Therefore the OPEB liability is not affected by a change in the healthcare cost trend rate as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$22,253	\$22,253	\$22,253

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**H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended December 31, 2022, the City recognized (\$98) of OPEB expense. At December 31, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$7,727
Changes in actuarial assumptions	815	1,379
Total	<u>\$815</u>	<u>\$9,106</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized on OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2023	(\$2,561)
2024	(2,626)
2025	(2,618)
2026	(486)
2027	-
Thereafter	-

**Note 13 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT**

**A. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**B. TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT**

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

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The City has entered into tax increment pay-as-you-go agreements. The agreements are not a general obligation of the City and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the City. Details of the pay-as-you-go notes are as follows:

**TIF District #1-6, Old Hospital:**

Issued in 2008 (2008B) in the principal sum of \$307,500 with an interest rate of 7.75 % per annum. Principal and interest shall be paid on August 1, 2010 and each February 1 and August 1 thereafter to and including February 1, 2032. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2032. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2032. The current year abatement (TIF note payments) amounted to \$29,658. At December 31, 2022, the principal amount outstanding on the note was \$307,500.

**TIF District #1-7, Block 37:**

Issued in 2008 (2008A) in the principal sum of \$389,300 with an interest rate of 7.25% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2035. The current year abatement (TIF note payments) amounted to \$15,537. At December 31, 2022, the principal amount outstanding on the note was \$389,300.

**TIF District #1-8, Lakewood Heights:**

Issued in 2013 (2013A) in the principal sum of \$350,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. Principal and interest payments will be completed February 1, 2039. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2039. The current year abatement (TIF note payments) amounted to \$32,242. At December 31, 2022, the principal amount outstanding on the note was \$210,463.

**TIF District #1-10, River Hills Apartments:**

Issued in 2017 (2016A) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2017 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest

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payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,421. At December 31, 2022, the principal amount outstanding on the note was \$216,212.

Issued in 2018 (2017B) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2018 and each February 1 and August 1 thereafter to and including February 1, 2034. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2034. The current year abatement (TIF note payments) amounted to \$28,765. At December 31, 2022, the principal amount outstanding on the note was \$232,212.

**TIF District #1-13, Unique Opportunities Apartments:**

Issued in 2021 (2021A) in the principal sum of \$372,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2023 and each February 1 and August 1 thereafter to and including August 1, 2038. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed August 1, 2038. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2022, the principal amount outstanding on the note was \$372,000.

**1<sup>st</sup> Avenue Condominiums Abatement:**

Issued in 2015, this Taxable Limited Revenue Note, Series 2015 in the principal sum of \$320,000 with an interest rate of 3.00% per annum. Principal and interest shall be paid on August 1, 2015 and each February 1 and August 1 thereafter to and including February 1, 2030. Payments are payable solely from available tax abatement derived from the developed/redeveloped property and paid to the City and to Itasca County. The Taxable Limited Revenue Note provides for payment to the developer equal to all tax abatement received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2030. The current year abatement (TIF note payments) amounted to \$43,784. At December 31, 2022, the principal amount outstanding on the note was \$76,487.

**TIF District #1-12, The Pillars:**

Issued in 2022 (2022A) in the principal sum of \$1,751,833 with an interest rate of 4.75% per annum. Principal and interest shall be paid on August 1, 2022 and each February 1 and August 1 thereafter to and including February 1, 2030. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2030. The current year abatement (TIF note payments) amounted to \$12,513. At December 31, 2022, the principal amount outstanding on the note was \$1,751,833.



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**C. ARBITRAGE**

The City issued greater than \$5 million of bonds in the years 2006, 2007, 2011, and 2013 and, therefore; is required to rebate excess investment income relating to these issues to the federal government. The City calculates arbitrage rebate every five years as permitted by arbitrage regulations. The extent of the City's liability for arbitrage rebates for bond issues not currently requiring five year rebate calculations is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

**Note 14 CONTINGENCIES**

**A. LITIGATION**

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City management, remotely recoverable by plaintiffs.

**B. FEDERAL AND STATE FUNDS**

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**C. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**D. FORGIVABLE LOAN**

Unrecorded loan – deferred loan agreement of \$300,000 issued on November 9, 2017 between the EDA and Grand Itasca Clinic and Hospital is only required to be repaid if the borrower defaults on the terms of the loan, which includes sale of the property. If default should occur, the entire remaining unforgiven principal and accrued interest is immediately due and payable. If no events of default occur, and if the borrower does not sell the property within five years of the closing date, no payments shall be payable on the note and the principal balance of the loan shall be forgiven. The loan bears interest at 0%. The entire balance of this deferred loan totaling \$300,000 at December 31, 2022, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

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**Note 15 OTHER DEFERRED DEBITS AND CREDITS**

During 1997-1998, 2006-2007, 2009-2010 and 2011-2012, the GFPUC constructed landfill sites to dispose of industrial waste from Blandin Paper. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. The entire cost of the 1997 and a portion of 2007 site was reimbursed by Blandin Paper and is recorded as a deferred credit. The 1997 and 2007 site was reimbursed by Blandin Paper and is recorded as a deferred credit. These deferred credits are amortized as revenue over the life of the landfill. The 2006A bonds were issued to fund the remaining portion of the 2007 landfill project. The 2009A bonds were issued to fund the 2009 landfill project and a portion of the 2011A bonds were issued for the 2011 project. Blandin Paper pays a demand charge in amounts sufficient to pay principal and interest on these bonds. For rate making purposes, the Commission has elected to defer the demand charge revenue until the debt service is paid.

On the statement of net position, the Commission reports \$592,157 of non-utility property. This amount consists of deferred debits relating to the 2011 Landfill Phase 8.

Bond issuance costs are recovered through rates over the life of the debt. The commission has elected to create a regulatory asset for this cost and amortize it over the life of the debt using the effective interest rate method. The unamortized balance at December 31, 2021 and 2020 is \$159,654 and \$99,663

**Note 16 FUND BALANCE**

**A. CLASSIFICATIONS**

Definitions of fund balance classifications are included in Note 1Q. At December 31, 2022, a summary of the governmental fund balance classifications are as follows:

	General Fund	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	484 2022 Infrastructure/ ARPA	Other Governmental Funds	Total
Nonspendable:						
Prepaid items	\$192,005	\$ -	\$ -	\$ -	\$35,693	\$227,698
Interfund loans receivable	1,219,669	-	-	-	-	1,219,669
Restricted:						
Debt service	-	-	-	-	6,081,629	6,081,629
Unspent bond proceeds - improvement	-	-	7,096,512	-	-	7,096,512
Law enforcement	-	-	-	-	54,408	54,408
Other purposes	35,374	-	-	-	143,228	178,602
Committed:						
Revenue stabilization	1,169,769	-	-	-	-	1,169,769
Public library	-	-	-	-	688,835	688,835
Central school	-	-	-	-	94,631	94,631
Airport operations	-	-	-	-	91,056	91,056
Cemetery	-	-	-	-	146,479	146,479
Domestic animal control facility	-	-	-	-	9,786	9,786
Assigned:						
Capital purposes	-	-	-	-	1,748,247	1,748,247
Unassigned	5,012,023	(1,129,094)	-	(164,224)	(212,245)	3,506,460
Total	\$7,628,840	(\$1,129,094)	\$7,096,512	(\$164,224)	\$8,881,747	\$22,313,781

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**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The City's policy for unassigned funds in the General Fund is:

- Minimum cash flow – to equal 50% of the following year General Fund property tax levy and anticipated local government aids.
- Compensated absences – equal to the sum of flexible time off and compensatory time for employees each December 31.
- Emergency or unanticipated expenditures – equal to 10% of the prior year General Fund annual revenues.
- Neighborhood and economic development – equal to the principal amount of the sale of the liquor store.

At December 31, 2022, the unassigned fund balance of the General Fund was \$5,257,213, compared to its targeted unassigned fund balance of \$6,394,276 based on the above policy.

**C. REVENUE STABILIZATION**

The City Council adopted Resolution No. 11-111 committing 10% of prior year annual revenues of the General Fund for revenue stabilization. This commitment of fund balance was done to provide a stable source of revenue for general operations of the City during periods of economic recession. The City uses the National Bureau for Economic Research (NBER) as its reference in determining the beginning and end of an economic recession.

During a recession, this fund balance commitment can be used to offset all or part of the temporary revenue decrease and shall occur at the end of the first and/or second fiscal year following the beginning of an economic recession as determined by the NBER. In the third fiscal year after the beginning of an economic recession, the revenue stabilization amount will be replenished by an annual amount equal to 10% of annual revenue, multiplied by a factor of approximately 11.25%.

Due to the recession which began in 2008, the City depleted its revenue stabilization reserve in 2010. During 2011, the City began replenishing the reserve in accordance with its policy described above. The reserve at December 31, 2022 is as follows:

Revenue stabilization at December 31, 2020	\$925,572
2021 replenishment	<u>124,260</u>
Revenue stabilization at December 31, 2021	1,049,832
2022 replenishment	<u>119,937</u>
Revenue stabilization at December 31, 2022	<u><u>\$1,169,769</u></u>

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**Note 17 COMMITMENTS**

**A. POWER CONTRACT**

Minnesota Power (MP) provides wholesale electric service to the Public Utilities Commission under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015. In addition, beginning in 2019, the generation capacity charge for each year is based on the previous year generation capacity charge adjusted as determined by the power supply formula rate for capacity, except that the charge will not be more than 2% higher, or 1% lower, than the previous year's charge. The peak power requirements for 2022 and 2021 were 31,868 and 31,868 kW, respectively.

On February 1, 2018, GRPUC renewed the purchased power contract with MP and it is set to expire in December 31, 2029, unless a new customer of GRPUC was a 15-minute peak of equal to or greater than 10 MW locates to an industrial park, which would extend the contract until December 31, 2034. GRPUC received the Tioga Substation asset as part of the contract in 2019. This amount is recorded as contributed Capital during the year. GRPUC is responsible for any repairs and maintenance necessary for the asset.

GRPUC entered into a municipal Minnesota Interconnect agreement on September 16, 2021, with MP. The GRPUC, as the area EPS operator, and aids as the interconnect customer, both agree to allow each party to connect to the other party's area electric power system related solar equipment at the Itasca clean energy solar plus battery storage project in Grand Rapids, Minnesota.

**B. CONSTRUCTION COMMITMENTS**

The City has several active construction projects as of December 31, 2022. The remaining commitment on these projects is \$15,805,951.

The Public Utilities Commission has several active construction projects as of December 31, 2022. The remaining commitment on these projects is \$105,817.

**C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the Public Utilities Commission to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at those sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the GRPUC is required to establish financial assurance for closure, post-closure care and contingency action.

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The current calculations of projected costs for all open and planned landfill sites included in the existing Industrial Solid Waste Disposal Facility Permit are:

Closure cost estimate	\$1,912,560
Post-closure care cost estimate	2,025,154
Contingency action	588,371
Total	<u>\$4,526,085</u>

These costs are reviewed annually and adjusted for the effects of inflation, changes in technology, or changes in laws and regulations.

Under the 1996-2001 permit, landfill sites C, D, E, and F were filled to capacity. The 2001-2006 permit included Kettle D and landfill Phases One through Four. Phases Five through Eight were added under the new permit effective September 2006 to September 2011. Kettle D was filled in 2006 and closed in 2008. Phases One through Four were filled and began the closure process in 2007. Final closure on Phases One through Four was completed in 2010. Construction of Phases Five and Six was completed in 2008. Phases Five and Six were put into service in 2008 and have an estimated life of ten years. Phase 7 was constructed in 2010 and placed into service in 2010 with an estimated life of ten years. Construction of Phase 8 began in 2011, and was placed in service in 2013.

On January 11, 2022 and December 14, 2020, Blandin Paper Company established an irrevocable letter of credit for \$4,526,085 and \$3,640,255 with Nordea Bank on behalf of the Public Utilities Commission. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

Closure costs relate to open and planned landfill sites. There are no sites that will be closed within one year. Post-closure costs cover all sites, including those that are already closed. No issues have been identified that would require post-closure costs to be incurred, and no issues are anticipated in the next year.

**Note 18 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City does not have a deductible for its workers compensation insurance. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess various amounts. For property and casualty coverage, the City has a \$1,000 deductible per occurrence with no annual maximum.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022

The City carries commercial insurance for all other risks of loss, including life, employee health and accident insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**Note 19 CONDUIT DEBT**

From time to time, the City has issued various industrial development and housing revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022, there was one bond issue outstanding, with an estimated aggregate principal amount payable of \$996,664.

**Note 20 PAYMENTS IN LIEU OF TAX - PUC**

Effective January 1, 1997, the Public Utilities Commission and the City of Grand Rapids established a formal agreement for payments in lieu of tax from the Commission to the City. Beginning January 1, 2010, the PILOT agreement was modified and the annual cash payment changed to 4.84 mills per kilowatt hours sold, with a minimum annual payment of \$823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT is increased to 5.00 mills per kilowatt hours sold, with a minimum annual payment of \$868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition. The amount of the PILOT cash payment from the Commission to the City for 2022 was \$868,000.

**Note 21 DEFICIT FUND BALANCES**

At December 31, 2022, individual funds with deficit fund balances are as follows:

Special Revenue Funds:	
228 IRA Civic Center	(\$47,268)
Capital Project Funds:	
407 Capital Equipment Replacement	(1,129,094)
484 2022 Infrastructure / ARPA	(164,224)
403 GR/Cohasset Industrial park	(161,762)

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022

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**Note 22 MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL**

The Public Utilities Commission has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses the Commission for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,354,423 and \$3,591,588 for 2021 and 2020, respectively. GRPUC also has contracts with UPM Blandin whereby UPM Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009A, 2009E, 2011A, 2013C, and 2021C along with the loader and truck leases, as discussed in Note 6. For ratemaking purposes the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by UPM Blandin for 2022 and 2021 were \$2,340,202 and, \$2,340,202 respectively.

**Note 23 ADOPTION OF NEW ACCOUNTING STANDARDS**

The City implemented GASB statement No. 87 for the year ended December 31, 2022. As a result, a lease receivable and deferred inflows of resources related to leases are recorded within the governmental funds balance sheet, proprietary funds statement of net position, and the government-wide statement of net position. Implementation of this standard did not require a restatement of beginning net position or fund balance.

**Note 24 SUBSEQUENT EVENTS – PUC**

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022

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**Note 25 RECENTLY ISSUED ACCOUNTING STANDARDS**

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

**Statement No. 94** *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 96** *Subscription – Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 99** *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

**Statement No. 100** *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

The effect these standards may have on future financial statements is not determinable at this time.



**REQUIRED SUPPLEMENTARY INFORMATION**

DRAFT 04/05/2023

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2022

Item 1.

**Statement 11**  
**Page 1 of 4**

	2022			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$5,126,597	\$5,126,597	\$5,083,920	(\$42,677)
Payment in lieu of taxes:				
Housing Authorities	45,000	45,000	56,990	11,990
Public utilities	868,000	868,000	868,000	-
Total taxes	6,039,597	6,039,597	6,008,910	(30,687)
Licenses and permits:				
Business	36,800	36,800	45,850	9,050
Nonbusiness	261,005	261,005	433,918	172,913
Total licenses and permits	297,805	297,805	479,768	181,963
Intergovernmental:				
Federal:				
Public safety grants	30,000	30,000	18,106	(11,894)
State:				
Local government aid	1,752,003	1,752,003	1,752,003	-
Market value homestead credit	-	-	2,379	2,379
Taconite supplemental aid	117,253	117,253	234,507	117,254
Municipal state aid street maintenance	186,200	186,200	186,200	-
Police aid	173,000	173,000	190,312	17,312
Fire aid	130,000	130,000	130,077	77
Police training aid	18,500	18,500	18,267	(233)
State - miscellaneous	500	500	28,367	27,867
US Gas Tax Refund	500	500	1,257	757
Local:				
School District #318	149,340	149,340	153,862	4,522
Total intergovernmental	2,557,296	2,557,296	2,715,337	158,041
Charges for services:				
General government	231,625	231,625	224,973	(6,652)
Public safety	705,698	705,698	754,135	48,437
Public works	231,200	231,200	241,722	10,522
Total charges for services	1,168,523	1,168,523	1,220,830	52,307
Fines and forfeits	56,000	56,000	69,678	13,678
Interest and investment income	40,000	40,000	35,748	(4,252)
Net increase (decrease) in the fair value of investments	-	-	(245,190)	(245,190)
Miscellaneous:				
Donations/contributions	10,000	10,000	28,690	18,690
Rentals and leases	3,000	3,000	3,480	480
Other	18,700	18,700	29,256	10,556
Total miscellaneous	31,700	31,700	61,426	29,726
Total revenues	10,190,921	10,190,921	10,346,507	155,586

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2022

Item 1.

**Statement 11**  
**Page 2 of 4**

	2022			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personnel services	\$45,268	\$45,268	\$45,231	(\$37)
Materials and supplies	-	-	17	17
Other services and charges	81,500	81,500	98,905	17,405
Total mayor and city council	126,768	126,768	144,153	17,385
Administration:				
Current:				
Personnel services	545,600	545,600	520,055	(25,545)
Materials and supplies	1,850	1,850	481	(1,369)
Other services and charges	72,250	72,250	61,370	(10,880)
Total administration	619,700	619,700	581,906	(37,794)
Finance:				
Current:				
Personnel services	528,874	528,874	523,489	(5,385)
Materials and supplies	3,300	3,300	3,287	(13)
Other services and charges	52,975	52,975	43,468	(9,507)
Total finance	585,149	585,149	570,244	(14,905)
Information technology:				
Current:				
Personnel services	243,176	243,176	243,173	(3)
Materials and supplies	8,350	8,350	5,640	(2,710)
Other services and charges	76,415	76,415	49,352	(27,063)
Total information technology	327,941	327,941	298,165	(29,776)
Community development:				
Current:				
Personnel services	516,663	516,663	497,066	(19,597)
Materials and supplies	6,100	6,100	10,699	4,599
Other charges and services	36,200	36,200	42,008	5,808
Total community development	558,963	558,963	549,773	(9,190)
Building safety:				
Current:				
Personnel services	355,401	355,401	354,834	(567)
Materials and supplies	12,300	12,300	14,660	2,360
Other charges and services	80,600	80,600	97,105	16,505
Total building maintenance - city hall	448,301	448,301	466,599	18,298
Total general government	2,666,822	2,666,822	2,610,840	(55,982)

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2022

Item 1.

**Statement 11**  
**Page 3 of 4**

	2022			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Expenditures: (continued)				
Public safety:				
Police protection:				
Current:				
Personnel services	\$3,045,993	\$3,045,993	\$2,976,634	(\$69,359)
Materials and supplies	110,300	110,300	114,916	4,616
Other charges and services	254,798	254,798	232,572	(22,226)
Total police protection	3,411,091	3,411,091	3,324,122	(86,969)
Fire protection:				
Current:				
Personnel services	526,014	526,014	499,231	(26,783)
Materials and supplies	55,600	55,600	39,377	(16,223)
Other charges and services	107,464	107,464	160,329	52,865
Total fire protection	689,078	689,078	698,937	9,859
Total public safety	4,100,169	4,100,169	4,023,059	(77,110)
Public works:				
Public works:				
Current:				
Personnel services	1,268,126	1,268,126	1,390,003	121,877
Materials and supplies	253,300	253,300	290,608	37,308
Other services and charges	491,600	491,600	522,494	30,894
Street lighting	240,000	240,000	261,191	21,191
Total public works	2,253,026	2,253,026	2,464,296	211,270
Fleet maintenance:				
Current:				
Personnel services	210,279	210,279	206,008	(4,271)
Materials and supplies	25,800	25,800	24,398	(1,402)
Other services and charges	44,400	44,400	29,995	(14,405)
Total fleet maintenance	280,479	280,479	260,401	(20,078)
Total public works	2,533,505	2,533,505	2,724,697	191,192

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2022

Item 1.

**Statement 11**  
**Page 4 of 4**

	2022			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Expenditures: (continued)				
Culture and recreation:				
Current:				
Personnel services	\$84,121	\$84,121	\$87,186	\$3,065
Materials and supplies	500	500	1	(499)
Other services and charges	7,500	7,500	6,535	(965)
Total culture and recreation	92,121	92,121	93,722	1,601
Miscellaneous:				
City-wide:				
Current:				
Other services and charges	262,465	262,465	325,763	63,298
Special projects:				
Current:				
Other services and charges	128,800	128,800	96,381	(32,419)
Total miscellaneous	391,265	391,265	422,144	30,879
Total expenditures	9,783,882	9,783,882	9,874,462	90,580
Revenues over (under) expenditures	407,039	407,039	472,045	65,006
Other financing sources (uses):				
Sale of capital assets	-	-	6,476	6,476
Insurance recoveries	-	-	49,416	49,416
Transfers out	(407,039)	(407,039)	(453,645)	(46,606)
Total other financing sources (uses)	(407,039)	(407,039)	(397,753)	9,286
Net change in fund balance	\$0	\$0	74,292	\$74,292
Fund balance - January 1			7,554,548	
Fund balance - December 31			\$7,628,840	

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For The Last Ten Years**

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 2,025	\$ 1,966	\$ 1,937	\$ 1,645	\$ 1,556
Interest cost	436	672	935	1,648	16,116
Plan changes	-	-	-	-	(402,538)
Differences between expected and actual experience	-	(3,354)	-	(12,815)	-
Changes in assumptions	-	(685)	1,317	(2,164)	400
Benefit payments	-	-	(11,216)	(16,670)	(35,410)
Net change in total OPEB liability	2,461	(1,401)	(7,027)	(28,356)	(419,876)
Total OPEB liability - beginning	19,792	21,193	28,220	56,576	476,452
Total OPEB liability - ending	<u>\$ 22,253</u>	<u>\$ 19,792</u>	<u>\$ 21,193</u>	<u>\$ 28,220</u>	<u>\$ 56,576</u>
Covered payroll	\$2,997,809	\$2,910,494	\$2,761,631	\$2,681,195	\$5,049,054
Total OPEB liability as a percentage of covered payroll	0.7%	0.7%	0.8%	1.1%	1.1%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be added as they become available.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY<sup>(1)</sup> -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Last Ten Years**

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0522%	\$2,705,275	\$ -	\$2,705,275	\$2,975,003	90.9%	78.2%
2016	2016	0.0515%	4,181,545	54,641	4,236,186	3,160,670	134.0%	68.9%
2017	2017	0.0522%	3,332,414	41,879	3,374,293	3,354,712	100.6%	75.9%
2018	2018	0.0525%	2,912,485	95,496	3,007,981	3,526,752	85.3%	79.5%
2019	2019	0.0509%	2,814,147	87,496	2,901,643	3,593,322	80.8%	80.2%
2020	2020	0.0524%	3,141,619	97,027	3,238,646	3,739,709	86.6%	79.1%
2021	2021	0.0522%	2,233,444	68,208	2,301,652	3,757,969	61.2%	87.0%
2022	2022	0.0537%	4,253,058	124,745	4,377,803	3,975,267	110.1%	76.7%

1. The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS<sup>(1)</sup> -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Last Ten Years**

Item 1.

**Statement 14**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$233,723	\$233,723	\$ -	\$3,114,384	7.50%
December 31, 2016	243,845	243,845	-	3,251,272	7.50%
December 31, 2017	257,796	257,796	-	3,437,287	7.50%
December 31, 2018	266,730	266,730	-	3,556,404	7.50%
December 31, 2019	276,142	276,142	-	3,681,888	7.50%
December 31, 2020	291,122	291,122	-	3,881,626	7.50%
December 31, 2021	292,388	292,388	-	3,898,515	7.50%
December 31, 2022	299,429	299,429	-	3,992,385	7.50%

1. The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.



## CITY OF GRAND RAPIDS, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY<sup>(1)</sup> -

## PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Last Ten Years

Item 1.

Statement 15

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.1500%	\$1,704,351	\$1,333,738	127.8%	86.6%
June 30, 2016	December 31, 2016	0.1440%	5,778,971	1,384,958	417.3%	63.9%
June 30, 2017	December 31, 2017	0.1310%	1,768,656	1,348,835	131.1%	85.4%
June 30, 2018	December 31, 2018	0.1331%	1,418,709	1,403,112	101.1%	88.8%
June 30, 2019	December 31, 2019	0.1377%	1,465,956	1,452,254	100.9%	89.3%
June 30, 2020	December 31, 2020	0.1315%	1,733,311	1,483,509	116.8%	87.2%
June 30, 2021	December 31, 2021	0.1298%	1,001,918	1,533,581	65.3%	93.7%
June 30, 2022	December 31, 2022	0.1363%	5,931,238	1,655,432	358.3%	70.5%

1. The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS<sup>(1)</sup> -**  
**PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Last Ten Years**

Item 1.

**Statement 16**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$219,785	\$219,785	\$ -	\$1,354,978	16.22%
December 31, 2016	223,959	223,959	-	1,382,461	16.20%
December 31, 2017	221,152	221,152	-	1,365,140	16.20%
December 31, 2018	232,463	232,463	-	1,434,959	16.20%
December 31, 2019	248,008	248,008	-	1,463,178	16.95%
December 31, 2020	279,224	279,224	-	1,577,536	17.70%
December 31, 2021	281,680	281,680	-	1,591,411	17.70%
December 31, 2022	301,697	301,697	-	1,704,501	17.70%

1. The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION

Item 1.  
Statement

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS<sup>(1)</sup>  
GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION  
For The Last Ten Years

Fiscal year ending Measurement date	December 31, 2022 December 31, 2022	December 31, 2021 December 31, 2021	December 31, 2020 December 31, 2020	December 31, 2019 December 31, 2019	December 31, 2018 December 31, 2018	December 31, 2017 December 31, 2017	December 31, 2016 December 31, 2016	December 31, 2015 December 31, 2015
Total pension liability:								
Service cost	\$96,594	\$79,740	\$75,628	\$73,783	\$71,473	\$63,391	\$72,757	\$75,241
Interest cost	109,591	91,327	88,668	79,734	81,962	72,102	68,376	66,133
Plan changes	-	215,447	-	-	-	99,530	-	-
Gain or loss	(46,387)	-	-	-	(21,899)	-	-	-
Differences between expected and actual experience	-	-	69,157	-	-	-	(40,925)	-
Changes of assumptions	(71,281)	-	46,936	-	26,796	-	(11,420)	-
Benefit payments, including refunds of employee contributions	(76,200)	-	-	-	(170,700)	-	(130,773)	(222,729)
Net change in total pension liability	12,317	386,514	280,389	153,517	(12,368)	235,023	(41,985)	(81,355)
Total pension liability - beginning	2,133,320	1,746,806	1,466,417	1,312,900	1,325,268	1,090,245	1,132,230	1,213,585
Total pension liability - ending (a)	\$2,145,637	\$2,133,320	\$1,746,806	\$1,466,417	\$1,312,900	\$1,325,268	\$1,090,245	\$1,132,230
Plan fiduciary net position:								
Contributions - employer	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Contributions - State of Minnesota	132,100	143,391	137,585	131,658	131,511	128,622	130,759	131,098
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	183,640	161,612	242,051	133,639	153,082	312,604	138,089	(98,329)
Benefit payments, including refunds of employee contributions	(76,200)	-	-	-	(170,700)	-	(130,773)	(222,729)
Administrative expense	(10,429)	(12,532)	(12,022)	(11,439)	(11,317)	(11,676)	(10,672)	(11,540)
Gain or loss	(640,602)	185,786	-	271,292	(318,100)	-	-	-
Net change in plan fiduciary net position	(406,491)	483,257	372,614	530,150	(210,524)	434,550	132,403	(196,500)
Plan fiduciary net position - beginning	3,647,570	3,164,313	2,791,699	2,261,549	2,472,073	2,037,523	1,905,120	2,101,620
Plan fiduciary net position - ending (b)	\$3,241,079	\$3,647,570	\$3,164,313	\$2,791,699	\$2,261,549	\$2,472,073	\$2,037,523	\$1,905,120
Net pension liability / (asset) - ending (a) - (b)	(\$1,095,442)	(\$1,514,250)	(\$1,417,507)	(\$1,325,282)	(\$948,649)	(\$1,146,805)	(\$947,278)	(\$772,890)
Plan fiduciary net position as a percentage of the total pension liability	151.05%	170.98%	181.15%	190.38%	172.26%	186.53%	186.89%	168.26%
Covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Net pension liability as a percentage of covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

1. GASB 68 was implemented in 2015. Information prior to 2015 is not available.
2. The Grand Rapids Fire department Relief Association is comprised of volunteers, therefore there are no payroll expenditures.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS<sup>(1)</sup> -**  
**GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION**  
**For The Last Ten Years**

Item 1.

**Statement 18**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$ -	\$5,000	(\$5,000)	(2)	(2)
December 31, 2016	-	5,000	(5,000)	(2)	(2)
December 31, 2017	-	5,000	(5,000)	(2)	(2)
December 30, 2018	-	5,000	(5,000)	(2)	(2)
December 31, 2019	-	5,000	(5,000)	(2)	(2)
December 31, 2020	-	5,000	(5,000)	(2)	(2)
December 31, 2021	-	5,000	(5,000)	(2)	(2)
December 31, 2022	-	5,000	(5,000)	(2)	(2)

1. GASB 68 was implemented in 2015. Information prior to 2015 is not available.
2. The Grand Rapids Fire department Relief Association is comprised of volunteers, therefore, there are no payroll expenditures. (i.e., there are no covered payroll amounts or percentage calculations.)

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 December 31, 2022

**A. LEGAL COMPLIANCE – BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the expenditure department level.

**B. PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

*2022 Changes*

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

*2021 Changes*

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

*2020 Changes*

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

*2019 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 December 31, 2022

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*2018 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

*2017 Changes*

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

*2016 Changes*

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study date June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**PERA – Public Employees Police and Fire Fund**

*2022 Changes*

Changes in Actuarial Assumptions:

- The single discount rate changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

*2021 Changes*

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 December 31, 2022

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*2020 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

*2019 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018

*2018 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

*2017 Changes*

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.60% to 7.50%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSO has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year for 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the selection period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

*2016 Changes*

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 December 31, 2022

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**Single Employer – Fire Relief Association**

There are no factors that affect trends in the amounts reported, such as change in benefit terms or assumptions. With only six years reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of the Fire Relief Association.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. During the measurement period ending December 31, 2021, benefit level per year of service increased from \$5,500 to \$6,500.

**C. OPEB INFORMATION**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*2022 Changes*

Changes in Actuarial Assumptions:

- None.

*2021 Changes*

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.90% to 2.00%.
- The mortality tables were updated from the RP-2014 tables to the Pub-2010 public retirement plans head count weighted mortality tables.

*2020 Changes*

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.80% to 2.90%.

*2019 Changes*

Changes in Actuarial Assumptions:

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for police and fire employees were updated.
- The discount rate was changed from 3.30% to 3.80%.
- These changes decreased the liability \$2,164.



**COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

DRAFT 04/05/2023

**NONMAJOR GOVERNMENTAL FUNDS**

DRAFT 04/05/2023

### SPECIAL REVENUE FUNDS

A Special Revenue Fund accounts for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and/or resolution to finance particular functions, activities or governments.

### DEBT SERVICE FUNDS

The Debt Service Funds were established to finance and account for the payment of principal and interest on general long-term indebtedness of the City not accounted for in other Governmental and Proprietary Funds.

### CAPITAL PROJECT FUNDS

The Capital Project Funds are established to account for the resources expended to acquire assets of a relatively permanent nature other than those financed by Enterprise Funds.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2022

Item 1.

**Statement 19**

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$1,166,555	\$6,193,783	\$1,917,622	\$9,277,960
Due from other governmental units	121,881	-	786,447	908,328
Due from component units	-	-	42,084	42,084
Accounts receivable	88,332	-	9,000	97,332
Pledges receivable	8,500	-	-	8,500
Prepaid items	35,693	-	-	35,693
Taxes receivable - delinquent	34,371	-	-	34,371
Special assessments receivable	-	1,864,591	392,891	2,257,482
Lease receivable	561,797	-	-	561,797
<b>Total assets</b>	<b>\$2,017,129</b>	<b>\$8,058,374</b>	<b>\$3,148,044</b>	<b>\$13,223,547</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$85,807	\$102,957	\$260,961	\$449,725
Accrued wages payable	22,594	-	-	22,594
Due to other governmental units	1,672	-	272,691	274,363
Due to component units	27,814	-	665	28,479
Contracts payable	-	-	12,129	12,129
Due to other funds	56,907	-	542,551	599,458
Deposits payable	8,696	-	-	8,696
Interfund loan payable	37,688	-	-	37,688
Unearned revenue	9,821	-	27,500	37,321
<b>Total liabilities</b>	<b>250,999</b>	<b>102,957</b>	<b>1,116,497</b>	<b>1,470,453</b>
<b>Deferred inflows of resources:</b>				
Related to leases	561,797	-	-	561,797
Unavailable revenue	42,871	1,873,788	392,891	2,309,550
<b>Total deferred inflows of resources</b>	<b>604,668</b>	<b>1,873,788</b>	<b>392,891</b>	<b>2,871,347</b>
<b>Fund balance:</b>				
Nonspendable	35,693	-	-	35,693
Restricted	145,465	6,081,629	52,171	6,279,265
Committed	1,030,787	-	-	1,030,787
Assigned	-	-	1,748,247	1,748,247
Unassigned	(50,483)	-	(161,762)	(212,245)
<b>Total fund balance</b>	<b>1,161,462</b>	<b>6,081,629</b>	<b>1,638,656</b>	<b>8,881,747</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$2,017,129</b>	<b>\$8,058,374</b>	<b>\$3,148,044</b>	<b>\$13,223,547</b>

CITY OF GRAND RAPIDS, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2022

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
General property	\$933,763	\$1,978,461	\$ -	\$2,912,224
Tax abatements	-	33,305	-	33,305
Tax increments	-	273,363	-	273,363
Intergovernmental	312,206	510,453	1,593,204	2,415,863
Special assessments	-	303,773	14,232	318,005
Charges for services	1,055,059	-	-	1,055,059
Fines and forfeits	44,382	-	-	44,382
Interest and investment income	19,128	25,548	7,704	52,380
Net increase (decrease) in the fair value of investments	(23,611)	(60,363)	(232,151)	(316,125)
Contributions and donations	53,066	-	244,595	297,661
Other	1,796	-	411,412	413,208
Total revenues	2,395,789	3,064,540	2,038,996	7,499,325
Expenditures:				
Current:				
General government	-	216,847	632,837	849,684
Public safety	179,442	-	-	179,442
Public works	538,516	-	319,329	857,845
Culture and recreation	1,681,944	-	6,000	1,687,944
Capital outlay/construction	12,500	-	1,858,859	1,871,359
Debt service:				
Principal retirement	-	2,495,000	-	2,495,000
Interest	-	670,696	-	670,696
Paying agent fees	-	7,075	-	7,075
Total expenditures	2,412,402	3,389,618	2,817,025	8,619,045
Revenues over (under) expenditures	(16,613)	(325,078)	(778,029)	(1,119,720)
Other financing sources (uses):				
Transfers in	144,942	341,269	182,526	668,737
Transfers out	(24,437)	(11,458)	(154,386)	(190,281)
Total other financing sources (uses)	120,505	329,811	28,140	478,456
Net change in fund balance	103,892	4,733	(749,889)	(641,264)
Fund balance - January 1	1,057,570	6,076,896	2,388,545	9,523,011
Fund balance - December 31	\$1,161,462	\$6,081,629	\$1,638,656	\$8,881,747

**Reconciliation of beginning fund balance to prior year ending fund balance:**

Prior year ending fund balance reported	\$8,571,604
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
484 2022 Infrastructure Bonds	-
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
413 Airport Capital Fund	102,160
482 2021 Infrastructure Bonds	849,247
Current year beginning fund balance	\$9,523,011

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### NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Public Library - accounts for the operations of the City's public library.

Central School - accounts for the operation and preservation of a historic building.

Airport Operations – accounts for the operations of the Grand Rapids/Itasca County Airport.

IRA Civic Center - accounts for the operation of the City's civic center.

Haz-Mat - accounts for the State approved Hazardous Materials Program.

Police Forfeiture - accounts for the County, State and Federal forfeitures received.

Cemetery - accounts for the operations of the City's cemetery.

Domestic Animal Control Facility - accounts for costs associated with operating the facility.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2022

Item 1.

	211 Public Library	225 Central School	226 Airport Operations
<b>Assets</b>			
Cash and investments	\$679,520	\$107,137	\$171,897
Due from other governmental units	36,480	-	59,104
Accounts receivable	1,100	-	538
Pledges receivable	-	-	-
Prepaid items	12,814	-	11,832
Taxes receivable - delinquent	26,321	-	-
Lease receivable	-	-	300,692
<b>Total assets</b>	<b>\$756,235</b>	<b>\$107,137</b>	<b>\$544,063</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$14,407	\$6,239	\$37,060
Accrued wages payable	10,326	-	1,325
Due to other governmental units	932	-	169
Due to component units	2,600	1,470	1,356
Due to other funds	-	-	-
Deposits payable	-	4,330	4,366
Interfund loan payable	-	-	-
Unearned revenue	-	467	5,150
<b>Total liabilities</b>	<b>28,265</b>	<b>12,506</b>	<b>49,426</b>
<b>Deferred inflows of resources:</b>			
Related to leases	-	-	300,692
Unavailable revenue	26,321	-	-
<b>Total deferred inflows of resources</b>	<b>26,321</b>	<b>-</b>	<b>300,692</b>
<b>Fund balance (deficit):</b>			
Nonspendable	12,814	-	11,832
Restricted	-	-	91,057
Committed	688,835	94,631	91,056
Unassigned	-	-	-
<b>Total fund balance (deficit)</b>	<b>701,649</b>	<b>94,631</b>	<b>193,945</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$756,235</b>	<b>\$107,137</b>	<b>\$544,063</b>



## Statement 21

228 IRA Civic Center	231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds
\$ -	\$ -	\$48,184	\$147,619	\$12,198	\$1,166,555
-	17,276	5,784	3,192	45	121,881
86,694	-	-	-	-	88,332
8,500	-	-	-	-	8,500
3,215	-	-	7,068	764	35,693
-	-	-	8,050	-	34,371
261,105	-	-	-	-	561,797
<u>\$359,514</u>	<u>\$17,276</u>	<u>\$53,968</u>	<u>\$165,929</u>	<u>\$13,007</u>	<u>\$2,017,129</u>
\$25,684	\$183	\$ -	\$1,409	\$825	\$85,807
4,660	2,891	-	2,462	930	22,594
244	-	-	119	208	1,672
21,652	-	-	242	494	27,814
43,145	13,762	-	-	-	56,907
-	-	-	-	-	8,696
37,688	-	-	-	-	37,688
4,104	-	-	100	-	9,821
<u>137,177</u>	<u>16,836</u>	<u>0</u>	<u>4,332</u>	<u>2,457</u>	<u>250,999</u>
261,105	-	-	-	-	561,797
8,500	-	-	8,050	-	42,871
<u>269,605</u>	<u>-</u>	<u>-</u>	<u>8,050</u>	<u>-</u>	<u>604,668</u>
3,215	-	-	7,068	764	35,693
-	440	53,968	-	-	145,465
-	-	-	146,479	9,786	1,030,787
(50,483)	-	-	-	-	(50,483)
<u>(47,268)</u>	<u>440</u>	<u>53,968</u>	<u>153,547</u>	<u>10,550</u>	<u>1,161,462</u>
<u>\$359,514</u>	<u>\$17,276</u>	<u>\$53,968</u>	<u>\$165,929</u>	<u>\$13,007</u>	<u>\$2,017,129</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For The Year Ended December 31, 2022**

	211 Public Library	225 Central School	226 Airport Operations
Revenues:			
General property taxes	\$725,383	\$ -	\$ -
Intergovernmental	34,663	-	179,934
Charges for services	195,976	62,401	133,427
Fines and forfeits	13	-	-
Interest and investment income	(1,229)	274	4,149
Net increase (decrease) in the fair value of investments	(23,611)	-	-
Contributions and donations	47,566	-	-
Other	-	126	-
Total revenues	<u>978,761</u>	<u>62,801</u>	<u>317,510</u>
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	294,188
Culture and recreation	933,640	130,914	-
Capital outlay/construction	-	-	-
Total expenditures	<u>933,640</u>	<u>130,914</u>	<u>294,188</u>
Revenues over (under) expenditures	<u>45,121</u>	<u>(68,113)</u>	<u>23,322</u>
Other financing sources (uses):			
Transfers in	-	90,285	20,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>90,285</u>	<u>20,000</u>
Net change in fund balance	45,121	22,172	43,322
Fund balance (deficit) - January 1	<u>656,528</u>	<u>72,459</u>	<u>150,623</u>
Fund balance (deficit) - December 31	<u>\$701,649</u>	<u>\$94,631</u>	<u>\$193,945</u>

228 IRA Civic Center	231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$208,380	\$ -	\$933,763
-	76,770	8,082	9,757	3,000	312,206
621,430	-	-	41,825	-	1,055,059
-	-	13,697	-	30,672	44,382
15,043	-	304	587	-	19,128
-	-	-	-	-	(23,611)
5,500	-	-	-	-	53,066
-	-	-	1,670	-	1,796
<u>641,973</u>	<u>76,770</u>	<u>22,083</u>	<u>262,219</u>	<u>33,672</u>	<u>2,395,789</u>
-	64,839	46,317	-	68,286	179,442
-	-	-	244,328	-	538,516
617,390	-	-	-	-	1,681,944
-	12,500	-	-	-	12,500
<u>617,390</u>	<u>77,339</u>	<u>46,317</u>	<u>244,328</u>	<u>68,286</u>	<u>2,412,402</u>
24,583	(569)	(24,234)	17,891	(34,614)	(16,613)
-	-	-	-	34,657	144,942
(24,437)	-	-	-	-	(24,437)
<u>(24,437)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,657</u>	<u>120,505</u>
146	(569)	(24,234)	17,891	43	103,892
(47,414)	1,009	78,202	135,656	10,507	1,057,570
<u>(\$47,268)</u>	<u>\$440</u>	<u>\$53,968</u>	<u>\$153,547</u>	<u>\$10,550</u>	<u>\$1,161,462</u>

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### NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of principal, interest and related costs on long-term debt.

The City's Debt Service Funds account for three types of bonded indebtedness:

- General Debt Bonds
- Tax Increment Bonds
- Improvement Bonds

General Debt Bonds are repaid primarily from general property taxes.

Tax Increment Bonds are repaid primarily from tax increment collections.

Improvement Bonds are repaid primarily from special assessments.

	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	310 GO Street Reconstruction Bonds of 2020A
Assets				
Cash and investments	\$419,719	\$337,342	\$419,697	\$206,064
Special assessments:				
Delinquent	2,448	1	-	-
Deferred	26,492	111,371	98,554	113,109
Special deferred	130,038	-	637,845	-
Total assets	<u>\$578,697</u>	<u>\$448,714</u>	<u>\$1,156,096</u>	<u>\$319,173</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$500	\$ -	\$ -	\$ -
Total liabilities	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:				
Unavailable revenue	158,978	111,372	736,399	113,109
Total deferred inflows of resources	<u>158,978</u>	<u>111,372</u>	<u>736,399</u>	<u>113,109</u>
Fund balance:				
Restricted	419,219	337,342	419,697	206,064
Total fund balance	<u>419,219</u>	<u>337,342</u>	<u>419,697</u>	<u>206,064</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$578,697</u>	<u>\$448,714</u>	<u>\$1,156,096</u>	<u>\$319,173</u>

311 GO & Abatement Bond 2021B	312 Taxable GO Temp Bond 2022A	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$333,883	\$179,849	\$577,582	\$124,299	\$241,547	\$613,055	\$12,484
-	-	1,979	32	327	2,884	-
14,521	-	86,853	18,384	84,988	100,239	-
-	-	-	-	-	5,152	-
<u>\$348,404</u>	<u>\$179,849</u>	<u>\$666,414</u>	<u>\$142,715</u>	<u>\$326,862</u>	<u>\$721,330</u>	<u>\$12,484</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	0	0	0	0	0	0
14,521	-	98,032	18,416	85,314	108,275	-
14,521	0	98,032	18,416	85,314	108,275	0
333,883	179,849	568,382	124,299	241,548	613,055	12,484
333,883	179,849	568,382	124,299	241,548	613,055	12,484
<u>\$348,404</u>	<u>\$179,849</u>	<u>\$666,414</u>	<u>\$142,715</u>	<u>\$326,862</u>	<u>\$721,330</u>	<u>\$12,484</u>

	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement
Assets					
Cash and investments	\$783,804	\$356,225	\$315,203	\$393,879	\$37,340
Special assessments:					
Delinquent	8,568	74	339	59	-
Deferred	127,753	58,203	109,615	120,296	-
Special deferred	1,175	-	-	3,292	-
Total assets	<u>\$921,300</u>	<u>\$414,502</u>	<u>\$425,157</u>	<u>\$517,526</u>	<u>\$37,340</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$21,759
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,759</u>
Deferred inflows of resources:					
Unavailable revenue	137,496	58,276	109,954	123,646	-
Total deferred inflows of resources	<u>137,496</u>	<u>58,276</u>	<u>109,954</u>	<u>123,646</u>	<u>0</u>
Fund balance:					
Restricted	783,804	356,226	315,203	393,880	15,581
Total fund balance	<u>783,804</u>	<u>356,226</u>	<u>315,203</u>	<u>393,880</u>	<u>15,581</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$921,300</u>	<u>\$414,502</u>	<u>\$425,157</u>	<u>\$517,526</u>	<u>\$37,340</u>



370 TIF 1-8 Lakewood Heights	371 TIF 1-6 Old Hospital Housing Bonds	372 TIF 1-7 Block 37 Redevelopment	373 TIF 1-6 Old Hospital Housing Paygo	375 TIF 1-4 Oakwood Terrace	376 TIF 1-10 River Hills	377 TIF 1-11 Sawmill Inn Redevelopment	378 - TIF 1-12 The Pillars	Totals Nonmajor Debt Service Funds
\$47,738	\$98,640	\$27,948	\$38,903	\$535,832	\$61,451	\$16,090	\$15,209	\$6,193,783
-	-	-	-	-	-	-	-	16,711
-	-	-	-	-	-	-	-	1,070,378
-	-	-	-	-	-	-	-	777,502
<u>\$47,738</u>	<u>\$98,640</u>	<u>\$27,948</u>	<u>\$38,903</u>	<u>\$535,832</u>	<u>\$61,451</u>	<u>\$16,090</u>	<u>\$15,209</u>	<u>\$8,058,374</u>
\$15,948	\$ -	\$7,768	\$16,378	\$ -	\$28,091	\$ -	\$12,513	\$102,957
<u>15,948</u>	<u>0</u>	<u>7,768</u>	<u>16,378</u>	<u>0</u>	<u>28,091</u>	<u>0</u>	<u>12,513</u>	<u>102,957</u>
-	-	-	-	-	-	-	-	1,873,788
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,873,788</u>
31,790	98,640	20,180	22,525	535,832	33,360	16,090	2,696	6,081,629
<u>31,790</u>	<u>98,640</u>	<u>20,180</u>	<u>22,525</u>	<u>535,832</u>	<u>33,360</u>	<u>16,090</u>	<u>2,696</u>	<u>6,081,629</u>
<u>\$47,738</u>	<u>\$98,640</u>	<u>\$27,948</u>	<u>\$38,903</u>	<u>\$535,832</u>	<u>\$61,451</u>	<u>\$16,090</u>	<u>\$15,209</u>	<u>\$8,058,374</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For The Year Ended December 31, 2022**

	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	310 GO Street Reconstruction Bonds of 2020A
<b>Revenues:</b>				
Taxes:				
General property	\$172,891	\$135,377	\$124,775	\$155,765
Tax abatement	-	-	-	-
Tax increments	-	-	-	-
Intergovernmental:				
State:				
Supplemental aid	8,143	6,376	5,877	7,337
MSA	-	-	-	-
Federal BAB credit	-	-	-	-
Special assessments	32,832	20,052	39,464	29,209
Interest and investment income	1,729	1,400	1,763	581
Net increase (decrease) in the fair value of investments	-	-	-	-
Total revenues	<u>215,595</u>	<u>163,205</u>	<u>171,879</u>	<u>192,892</u>
<b>Expenditures:</b>				
General government:				
Current:				
Contractual services	223	222	3,973	223
Developer assistance	-	-	-	-
Debt service:				
Principal retirement	435,000	115,000	90,000	125,000
Interest	20,325	52,063	36,580	38,613
Paying agent fees	500	550	550	500
Total expenditures	<u>456,048</u>	<u>167,835</u>	<u>131,103</u>	<u>164,336</u>
Revenues over (under) expenditures	<u>(240,453)</u>	<u>(4,630)</u>	<u>40,776</u>	<u>28,556</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>(240,453)</u>	<u>(4,630)</u>	<u>40,776</u>	<u>28,556</u>
Fund balance (deficit) - January 1	<u>659,672</u>	<u>341,972</u>	<u>378,921</u>	<u>177,508</u>
Fund balance (deficit) - December 31	<u>\$419,219</u>	<u>\$337,342</u>	<u>\$419,697</u>	<u>\$206,064</u>

311 GO & Abatement Bond 2021B	312 Taxable GO Temp Bond 2022A	354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$384,927	\$ -	\$ -	\$254,585	\$53,009	\$29,218	\$78,839	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,131	-	-	11,991	2,497	1,376	3,713	-
-	-	76,538	-	-	-	-	317,728
-	-	-	21,234	-	-	-	-
1,339	-	-	42,938	5,251	23,723	34,436	-
698	38	76	2,216	501	1,145	3,111	236
-	-	-	-	-	-	(26,340)	-
405,095	38	76,614	332,964	61,258	55,462	93,759	317,964
223	-	1,000	224	224	222	1,223	1,224
-	-	-	-	-	-	-	-
-	-	75,000	340,000	60,000	70,000	150,000	280,000
153,075	-	1,538	64,335	9,700	11,963	31,148	37,728
500	-	-	400	400	525	525	525
153,798	0	77,538	404,959	70,324	82,710	182,896	319,477
251,297	38	(924)	(71,995)	(9,066)	(27,248)	(89,137)	(1,513)
-	179,811	-	-	-	-	-	11,458
-	-	(11,458)	-	-	-	-	-
0	179,811	(11,458)	0	0	0	0	11,458
251,297	179,849	(12,382)	(71,995)	(9,066)	(27,248)	(89,137)	9,945
82,586	-	12,382	640,377	133,365	268,796	702,192	2,539
\$333,883	\$179,849	\$0	\$568,382	\$124,299	\$241,548	\$613,055	\$12,484

CITY OF GRAND RAPIDS, MINNESOTA  
SUBCOMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
For The Year Ended December 31, 2022

Item 1.

	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights
Revenues:						
Taxes:						
General property	\$89,975	\$208,366	\$144,348	\$146,386	\$ -	\$ -
Tax abatement	-	-	-	-	33,305	-
Tax increments	-	-	-	-	-	35,440
Intergovernmental:						
State:						
Supplemental aid	4,238	9,814	6,799	6,895	-	-
MSA	-	-	-	-	-	-
Federal BAB credit	-	-	-	-	-	-
Special assessments	32,606	10,554	15,907	15,462	-	-
Interest and investment income	3,953	1,279	1,220	1,687	149	177
Net increase (decrease) in the fair value of investments	(34,023)	-	0	-	-	-
Total revenues	96,749	230,013	168,274	170,430	33,454	35,617
Expenditures:						
General government:						
Current:						
Contractual services	223	222	224	2,723	-	189
Developer assistance	-	-	-	-	43,518	31,896
Debt service:						
Principal retirement	260,000	200,000	135,000	125,000	-	-
Interest	71,688	37,330	32,510	55,050	-	-
Paying agent fees	550	550	500	500	-	-
Total expenditures	332,461	238,102	168,234	183,273	43,518	32,085
Revenues over (under) expenditures	(235,712)	(8,089)	40	(12,843)	(10,064)	3,532
Other financing sources (uses):						
Transfer in	150,000	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Total other financing sources (uses)	150,000	0	0	0	0	0
Net change in fund balance	(85,712)	(8,089)	40	(12,843)	(10,064)	3,532
Fund balance (deficit) - January 1	869,516	364,315	315,163	406,723	25,645	28,258
Fund balance (deficit) - December 31	\$783,804	\$356,226	\$315,203	\$393,880	\$15,581	\$31,790

371 TIF 1-6 Old Hospital Housing Bonds	372 TIF 1-7 Block 37 Redevelopment	373 TIF 1-6 Old Hospital Housing Paygo	375 TIF 1-4 Oakwood Terrace	376 TIF 1-10 River Hills	377 TIF 1-11 Sawmill Inn Redevelopment	378 - TIF 1-12 The Pillars	Totals Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,978,461
-	-	-	-	-	-	-	33,305
56,823	17,263	32,864	29,401	62,423	11,343	27,806	273,363
-	-	1,766	-	-	-	-	94,953
-	-	-	-	-	-	-	394,266
-	-	-	-	-	-	-	21,234
-	-	-	-	-	-	-	303,773
368	112	127	2,726	192	45	19	25,548
-	-	-	-	-	-	-	(60,363)
57,191	17,375	34,757	32,127	62,615	11,388	27,825	3,064,540
231	189	-	104	239	93	103	13,521
-	15,537	31,168	-	56,181	-	25,026	203,326
35,000	-	-	-	-	-	-	2,495,000
17,050	-	-	-	-	-	-	670,696
-	-	-	-	-	-	-	7,075
52,281	15,726	31,168	104	56,420	93	25,129	3,389,618
4,910	1,649	3,589	32,023	6,195	11,295	2,696	(325,078)
-	-	-	-	-	-	-	341,269
-	-	-	-	-	-	-	(11,458)
0	0	0	0	0	0	0	329,811
4,910	1,649	3,589	32,023	6,195	11,295	2,696	4,733
93,730	18,531	18,936	503,809	27,165	4,795	-	6,076,896
\$98,640	\$20,180	\$22,525	\$535,832	\$33,360	\$16,090	\$2,696	\$6,081,629

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## NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

General Capital Improvement Projects – accounts for general capital improvement projects that are not funded by bonds.

Municipal State Aid – accounts for allotments received from the Minnesota Department of Transportation.

GR/Cohasset Industrial Park – accounts for the capital activity of the Grand Rapids/Cohasset Industrial Park.

Park Acquisition and Development – accounts for the accumulation of resources to be used to improve the City's park and recreational facilities.

Airport Capital Fund – accounts for the capital activity of the Grand Rapids/Itasca County Airport.

GR Arts and Culture Capital Project Fund – accounts for the accumulation of resources to be used to improve the City's arts and culture.

IRA Civic Center Projects – accounts for the capital activity of the Civic Center.

Infrastructure – Bonded Funds – accounts for infrastructure improvements that have been financed by bond proceeds.

Infrastructure – Other Funds – accounts for infrastructure projects which are not financed by bond proceeds.

Permanent Improvement Revolving – designed to be a revolving fund for infrastructure improvements.

	401 General Capital Improvement Projects	402 Municipal State Aid	403 GR/Cohasset Industrial Park
Assets			
Cash and investments	\$178,577	\$773,086	\$ -
Due from other governmental units	190,064	-	210,000
Due from component units	-	-	-
Accounts receivable	-	-	-
Special assessments receivable:			
Delinquent	-	-	-
Deferred	-	-	-
Special deferred	-	-	-
Total assets	<u>\$368,641</u>	<u>\$773,086</u>	<u>\$210,000</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$167,796	\$ -	\$8,558
Due to other governmental units	-	272,691	-
Due to component units	-	-	-
Contracts payable	-	12,129	-
Due to other funds	-	-	363,204
Unearned revenue	27,500	-	-
Total liabilities	<u>195,296</u>	<u>284,820</u>	<u>371,762</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance (deficit):			
Restricted	52,171	-	-
Assigned	121,174	488,266	-
Unassigned	-	-	(161,762)
Total fund balance (deficit)	<u>173,345</u>	<u>488,266</u>	<u>(161,762)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$368,641</u>	<u>\$773,086</u>	<u>\$210,000</u>



404 Park Acquisition and Development	413 Airport Capital Fund	418 GR Arts and Culture Capital Project	482 2021 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds
\$58,854	\$ -	\$21,104	\$748,206	\$137,795	\$1,917,622
-	386,383	-	-	-	786,447
-	-	-	-	42,084	42,084
9,000	-	-	-	-	9,000
-	-	-	-	12,573	12,573
-	-	-	-	70,208	70,208
-	-	-	-	310,110	310,110
<u>\$67,854</u>	<u>\$386,383</u>	<u>\$21,104</u>	<u>\$748,206</u>	<u>\$572,770</u>	<u>\$3,148,044</u>
\$ -	\$78,045	\$ -	\$6,562	\$ -	\$260,961
-	-	-	-	-	272,691
665	-	-	-	-	665
-	-	-	-	-	12,129
-	179,347	-	-	-	542,551
-	-	-	-	-	27,500
<u>665</u>	<u>257,392</u>	<u>0</u>	<u>6,562</u>	<u>0</u>	<u>1,116,497</u>
-	-	-	-	392,891	392,891
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>392,891</u>	<u>392,891</u>
-	-	-	-	-	52,171
67,189	128,991	21,104	741,644	179,879	1,748,247
-	-	-	-	-	(161,762)
<u>67,189</u>	<u>128,991</u>	<u>21,104</u>	<u>741,644</u>	<u>179,879</u>	<u>1,638,656</u>
<u>\$67,854</u>	<u>\$386,383</u>	<u>\$21,104</u>	<u>\$748,206</u>	<u>\$572,770</u>	<u>\$3,148,044</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**For The Year Ended December 31, 2022**

Item 1.

	401 General Capital Improvement Projects	402 Municipal State Aid	403 GR/Cohasset Industrial Park	404 Park Acquisition and Development
<b>Revenues:</b>				
Intergovernmental:				
State:				
MSA	\$ -	\$590,971	\$ -	\$ -
Other	556,805	-	-	-
Other intergovernmental	-	-	210,000	-
Special assessments	-	-	-	-
Interest and investment income	1,877	2,450	-	438
Net increase (decrease) in the fair value of investments	-	-	-	-
Contributions and donations	239,000	-	-	-
Other	-	264,310	-	-
Total revenues	<u>797,682</u>	<u>857,731</u>	<u>210,000</u>	<u>438</u>
<b>Expenditures:</b>				
Current:				
General government	593,176	-	-	-
Public works	315,000	-	-	-
Culture and recreation	-	-	-	6,000
Capital outlay/construction	21,669	816,194	242,171	21,902
Total expenditures	<u>929,845</u>	<u>816,194</u>	<u>242,171</u>	<u>27,902</u>
Revenues over (under) expenditures	<u>(132,163)</u>	<u>41,537</u>	<u>(32,171)</u>	<u>(27,464)</u>
<b>Other financing sources (uses):</b>				
Transfers in	25,372	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>25,372</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>(106,791)</u>	<u>41,537</u>	<u>(32,171)</u>	<u>(27,464)</u>
Fund balance (deficit) - January 1	<u>280,136</u>	<u>446,729</u>	<u>(129,591)</u>	<u>94,653</u>
Fund balance (deficit) - December 31	<u>\$173,345</u>	<u>\$488,266</u>	<u>(\$161,762)</u>	<u>\$67,189</u>

413 Airport Capital Fund	418 GR Arts and Culture Capital Project	429 IRA Civic Center Projects	481 2020 Infrastructure Bonds	482 2021 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds
\$14,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$605,173
221,226	-	-	-	-	-	778,031
-	-	-	-	-	-	210,000
-	-	-	-	-	14,232	14,232
-	147	-	-	-	2,792	7,704
-	-	-	-	-	(232,151)	(232,151)
5,208	-	387	-	-	-	244,595
-	-	-	-	147,102	-	411,412
240,636	147	387	0	147,102	(215,127)	2,038,996
-	-	-	-	-	39,661	632,837
4,329	-	-	-	-	-	319,329
-	-	-	-	-	-	6,000
209,476	79,197	-	-	254,705	213,545	1,858,859
213,805	79,197	0	0	254,705	253,206	2,817,025
26,831	(79,050)	387	0	(107,603)	(468,333)	(778,029)
-	28,383	24,437	-	-	104,334	182,526
-	-	-	(104,334)	-	(50,052)	(154,386)
0	28,383	24,437	(104,334)	0	54,282	28,140
26,831	(50,667)	24,824	(104,334)	(107,603)	(414,051)	(749,889)
102,160	71,771	(24,824)	104,334	849,247	593,930	2,388,545
\$128,991	\$21,104	\$0	\$0	\$741,644	\$179,879	\$1,638,656
<b>Reconciliation of beginning fund balance to prior year ending fund balance:</b>						
Prior year ending fund balance reported						\$1,437,138
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:						-
484 2022 Infrastructure Bonds						-
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:						102,160
413 Airport Capital Fund						849,247
482 2021 Infrastructure Bonds						
Current year beginning fund balance						\$2,388,545

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INDIVIDUAL BUDGET TO ACTUAL STATEMENTS

SPECIAL REVENUE FUNDS

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 211 PUBLIC LIBRARY**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

Statement 27

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
General property taxes	\$742,352	\$742,352	\$725,383
Intergovernmental:			
State:			
Supplemental aid	16,979	16,979	33,956
Other	-	-	707
Charges for services:			
Townships	128,000	128,000	151,428
Other	30,081	30,081	44,548
Fines and forfeits	-	-	13
Interest and investment income	4,300	4,300	(1,229)
Net increase (decrease) in the fair value of investments	-	-	(23,611)
Contributions and donations	1,500	1,500	47,566
Total revenues	923,212	923,212	978,761
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	667,189	667,189	654,199
Materials and supplies	92,500	92,500	106,259
Other services and charges	163,523	163,523	173,182
Total expenditures	923,212	923,212	933,640
Revenues over (under) expenditures	\$0	\$0	45,121
Fund balance - January 1			656,528
Fund balance - December 31			\$701,649

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 225 CENTRAL SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 28**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$60,100	\$60,100	\$62,401
Interest and investment income	-	-	274
Other	-	-	126
Total revenues	60,100	60,100	62,801
Expenditures:			
Culture and recreation:			
Current:			
Materials and supplies	1,650	1,650	1,775
Other services and charges	109,500	109,500	129,139
Capital outlay	5,400	5,400	-
Total expenditures	116,550	116,550	130,914
Revenues over (under) expenditures	(56,450)	(56,450)	(68,113)
Other financing sources:			
Transfer in	56,450	56,450	90,285
Total other financing sources (uses)	56,450	56,450	90,285
Net change in fund balance	\$0	\$0	22,172
Fund balance - January 1			72,459
Fund balance - December 31			\$94,631

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 226 AIRPORT OPERATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 29**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$122,400	\$122,400	\$119,840
Other	20,450	20,450	13,587
Intergovernmental:			
State operations reimbursement	66,488	66,488	132,462
Itasca County	20,000	20,000	20,000
Federal	-	-	27,472
Interest and investment income	500	500	4,149
Total revenues	<u>229,838</u>	<u>229,838</u>	<u>317,510</u>
Expenditures:			
Public works:			
Current:			
Personnel services	106,605	106,605	99,533
Materials and supplies	39,375	39,375	46,597
Other services and charges	103,858	103,858	148,058
Total expenditures	<u>249,838</u>	<u>249,838</u>	<u>294,188</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>23,322</u>
Other financing sources:			
Transfer in	20,000	20,000	20,000
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	43,322
Fund balance - January 1			<u>150,623</u>
Fund balance - December 31			<u>\$193,945</u>



**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 228 IRA CIVIC CENTER**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 30**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$565,000	\$565,000	\$540,271
Advertising	71,000	71,000	72,467
Other	4,000	4,000	8,692
Interest and investment income	-	-	15,043
Contributions and donations	-	-	5,500
Total revenues	<u>640,000</u>	<u>640,000</u>	<u>641,973</u>
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	264,244	264,244	231,767
Materials and supplies	13,100	13,100	26,863
Other services and charges	265,333	265,333	358,760
Total expenditures	<u>542,677</u>	<u>542,677</u>	<u>617,390</u>
Revenues over (under) expenditures	<u>97,323</u>	<u>97,323</u>	<u>24,583</u>
Other financing sources (uses):			
Transfers out	-	-	(24,437)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(24,437)</u>
Net change in fund balance	<u>\$97,323</u>	<u>\$97,323</u>	146
Fund balance (deficit) - January 1			<u>(47,414)</u>
Fund balance (deficit) - December 31			<u>(\$47,268)</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 231 HAZ-MAT**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 31**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental:			
State:			
Haz-Mat reimbursement	\$60,000	\$60,000	\$76,770
Total revenues	60,000	60,000	76,770
Expenditures:			
Public safety:			
Current:			
Personnel services	29,390	29,390	34,590
Materials and supplies	11,610	11,610	11,499
Other services and charges	19,000	19,000	18,750
Capital outlay	-	-	12,500
Total expenditures	60,000	60,000	77,339
Revenues over (under) expenditures	\$0	\$0	(569)
Fund balance - January 1			1,009
Fund balance - December 31			\$440

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 232 POLICE FORFEITURE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 32**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental	\$ -	\$ -	\$8,082
Fines and forfeits	8,000	8,000	13,697
Interest and investment income	-	-	304
Miscellaneous	17,500	17,500	-
Total revenues	25,500	25,500	22,083
Expenditures:			
Public safety:			
Current:			
Materials and supplies	3,500	3,500	46,317
Other services and charges	2,000	2,000	-
Capital outlay	20,000	20,000	-
Total expenditures	25,500	25,500	46,317
Revenues over (under) expenditures	\$0	\$0	(24,234)
Fund balance - January 1			78,202
Fund balance - December 31			\$53,968

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 233 CEMETERY**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

Item 1.

**Statement 33**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
General property taxes	\$213,549	\$213,549	\$208,380
Intergovernmental:			
State:			
Supplemental aid	4,878	4,878	9,757
Charges for services:			
Cemetery	35,000	35,000	41,825
Interest and investment income	500	500	587
Other	1,000	1,000	1,670
Total revenues	<u>254,927</u>	<u>254,927</u>	<u>262,219</u>
Expenditures:			
Public works:			
Current:			
Personnel services	203,937	203,937	209,482
Materials and supplies	13,600	13,600	7,436
Other services and charges	37,390	37,390	27,410
Total expenditures	<u>254,927</u>	<u>254,927</u>	<u>244,328</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	17,891
Fund balance - January 1			<u>135,656</u>
Fund balance - December 31			<u>\$153,547</u>

## CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 235 DOMESTIC ANIMAL CONTROL FACILITY

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

Item 1.

Statement 34

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental	\$3,000	\$3,000	\$3,000
Fines and forfeits	36,500	36,500	30,672
Total revenues	39,500	39,500	33,672
Expenditures:			
Public safety:			
Current:			
Personnel services	53,064	53,064	50,228
Materials and supplies	3,500	3,500	4,573
Other services and charges	18,525	18,525	13,485
Total expenditures	75,089	75,089	68,286
Revenues over (under) expenditures	(35,589)	(35,589)	(34,614)
Other financing sources:			
Transfers in	35,589	35,589	34,657
Net change in fund balance	\$0	\$0	43
Fund balance - January 1			10,507
Fund balance - December 31			\$10,550

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### CUSTODIAL FUNDS

Custodial Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. During 2022, the City of Grand Rapids had the following Custodial Funds:

Lodging Tax - accounts for tax pass-through of lodging tax collections.

Cable TV Commission - accounts for the pass-through of franchise fees to the Cable TV Commission.

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**CUSTODIAL FUNDS**  
December 31, 2022

Item 1.

**Statement 35**

	872 Lodging Tax	877 Cable TV Commision	Totals
Assets:			
Cash and investments	\$16,649	\$72,452	\$89,101
Receivables:			
Accounts	-	-	-
Total assets	16,649	72,452	89,101
Liabilities:			
Accounts payable	16,649	72,452	89,101
Total liabilities	16,649	72,452	89,101
Net position:			
Restricted	\$ -	\$ -	\$ -

**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
For The Year Ended December 31, 2022

Item 1.

**Statement 36**

	872 Lodging Tax	877 Cable TV Commision	Totals
Additions:			
Lodging tax collections	\$384,346	\$ -	\$384,346
Cable franchise fee collections	-	259,631	259,631
Total additions	384,346	259,631	643,977
Deductions:			
Payments to other entities	364,979	252,016	616,995
Administrative fees	19,367	7,615	26,982
Total deductions	384,346	259,631	643,977
Net increase (decrease) in fiduciary net position	-	-	-
Net position - beginning	-	-	-
Net position - ending	\$ -	\$ -	\$ -

### COMPONENT UNIT

Economic Development Authority – The EDA is a discretely presented component unit which does not issue separate financial statements.

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT**  
December 31, 2022

Item 1.

**Statement 37**

Assets	General	Capital Project	Totals
Cash and investments	\$4,296	\$1,181,334	\$1,185,630
Due from other governmental units	-	215	215
Accounts receivable	-	42,925	42,925
Inventory - land held for resale	-	2,831,472	2,831,472
Notes receivable	-	786,710	786,710
Total assets	<u>\$4,296</u>	<u>\$4,842,656</u>	<u>\$4,846,952</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$48,522	\$48,522
Due to other governmental units	-	21,147	21,147
Due to primary government	-	42,084	42,084
Deposits payable	-	1,614	1,614
Total liabilities	<u>0</u>	<u>113,367</u>	<u>113,367</u>
Deferred inflows of resources:			
Unavailable revenue	-	3,638,837	3,638,837
Total deferred inflows of resources	<u>0</u>	<u>3,638,837</u>	<u>3,638,837</u>
Fund balance:			
Assigned	<u>4,296</u>	<u>1,090,452</u>	<u>1,094,748</u>
Total fund balance	<u>4,296</u>	<u>1,090,452</u>	<u>1,094,748</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$4,296</u>	<u>\$4,842,656</u>	<u>\$4,846,952</u>

## CITY OF GRAND RAPIDS, MINNESOTA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

## ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT

For The Year Ended December 31, 2022

Item 1.

## Statement 38

	General	Capital Project	Totals
Revenues:			
General property taxes	\$ -	\$57,087	\$57,087
Intergovernmental	-	2,689	2,689
Charges for services	-	4,037	4,037
Interest and investment income	103	6,554	6,657
Net increase (decrease) in the fair value of investments	-	(51,646)	(51,646)
Contributions	-	53,400	53,400
Miscellaneous:			
Loan repayment	-	263,204	263,204
Other	-	38,957	38,957
Total revenues	103	374,282	374,385
Expenditures:			
Economic development:			
Current:			
Materials and supplies	148	-	148
Other services and charges	13,755	198,896	212,651
Grants issued	-	-	-
Loan disbursement	-	12,265	12,265
Capital outlay	-	33,543	33,543
Debt service:			
Principal	-	481,671	481,671
Interest	-	2,560	2,560
Total expenditures	13,903	728,935	742,838
Revenues over (under) expenditures	(13,800)	(354,653)	(368,453)
Other financing sources:			
Sale of land held for resale	-	624,000	624,000
Total other financial sources	-	624,000	624,000
Net change in fund balance	(13,800)	269,347	255,547
Fund balance - January 1	18,096	821,105	839,201
Fund balance - December 31	\$4,296	\$1,090,452	\$1,094,748

### III. STATISTICAL SECTION (UNAUDITED)

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### III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Grand Rapid's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Grand Rapid's overall financial health.

#### Contents

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##### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

##### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

##### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

##### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

##### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NET POSITION BY COMPONENT**  
Last Ten Fiscal Years

Item 1.

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$31,861,617	\$33,830,578	\$33,884,548	\$36,971,014
Restricted	12,808,310	10,281,228	9,803,311	10,100,529
Unrestricted	7,617,727	4,784,327	4,927,309	2,940,736
Total governmental activities net position	<u>\$52,287,654</u>	<u>\$48,896,133</u>	<u>\$48,615,168</u>	<u>\$50,012,279</u>
Business type activities:				
Net investment in capital assets	\$2,864,018	\$2,894,190	\$2,841,005	\$2,797,345
Restricted	-	-	-	-
Unrestricted	272,420	424,469	494,673	337,782
Total business-type activities net position	<u>\$3,136,438</u>	<u>\$3,318,659</u>	<u>\$3,335,678</u>	<u>\$3,135,127</u>
Primary government:				
Net investment in capital assets	\$34,725,635	\$36,724,768	\$36,725,553	\$39,768,359
Restricted	12,808,310	10,281,228	9,803,311	10,100,529
Unrestricted	7,890,147	5,208,796	5,421,982	3,278,518
Total primary government net position	<u>\$55,424,092</u>	<u>\$52,214,792</u>	<u>\$51,950,846</u>	<u>\$53,147,406</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

Table 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$37,512,555	\$40,214,116	\$42,846,042	\$45,277,093	\$48,653,953	\$47,899,453
13,147,731	10,060,607	10,896,992	10,530,098	9,519,302	9,316,590
(1,186,433)	814,352	1,270,800	2,115,273	3,420,365	4,559,487
<u>\$49,473,853</u>	<u>\$51,089,075</u>	<u>\$55,013,834</u>	<u>\$57,922,464</u>	<u>\$61,593,620</u>	<u>\$61,775,530</u>
\$2,904,137	\$2,954,613	\$2,888,261	\$2,708,980	\$2,756,809	\$2,790,676
-	-	-	-	-	-
14,513	(60,547)	(74,841)	214,488	624,115	772,086
<u>\$2,918,650</u>	<u>\$2,894,066</u>	<u>\$2,813,420</u>	<u>\$2,923,468</u>	<u>\$3,380,924</u>	<u>\$3,562,762</u>
\$40,416,692	\$43,168,729	\$45,734,303	\$47,986,073	\$51,410,762	\$50,690,129
13,147,731	10,060,607	10,896,992	10,530,098	9,519,302	9,316,590
(1,171,920)	753,805	1,195,959	2,329,761	4,044,480	5,331,573
<u>\$52,392,503</u>	<u>\$53,983,141</u>	<u>\$57,827,254</u>	<u>\$60,845,932</u>	<u>\$64,974,544</u>	<u>\$65,338,292</u>

	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$2,420,199	\$3,701,667	\$2,993,026	\$3,649,895
Public safety	3,117,628	3,382,829	3,674,182	4,208,454
Public works	5,601,025	5,417,245	5,239,892	5,646,605
Culture and recreation	2,000,748	2,054,143	2,028,067	2,367,449
Interest and fees on long-term debt	1,309,223	834,833	740,526	731,702
Total governmental activities expenses	14,448,823	15,390,717	14,675,693	16,604,105
Business-type activities:				
Golf course	554,933	554,859	598,114	651,127
Storm water utility	434,932	425,389	440,557	688,176
Total business-type activities expenses	989,865	980,248	1,038,671	1,339,303
Total primary government expenses	\$15,438,688	\$16,370,965	\$15,714,364	\$17,943,408
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$590,194	\$563,808	\$565,218	\$458,276
Public safety	478,032	527,001	561,365	580,225
Public works	716,553	424,349	323,177	326,167
Culture and recreation:				
Ice rent	451,836	474,909	484,801	496,778
Other activities	500,351	526,763	532,720	551,263
Operating grants and contributions	1,358,914	1,980,477	1,615,576	2,262,521
Capital grants and contributions	3,439,782	1,757,480	806,243	3,523,916
Total governmental activities program revenues	7,535,662	6,254,787	4,889,100	8,199,146
Business-type activities:				
Charges for services:				
Golf course	524,670	555,588	589,499	569,276
Storm water utility	551,049	553,074	563,011	567,357
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	46,388	-	-
Total business-type activities program revenues	1,075,719	1,155,050	1,152,510	1,136,633
Total primary government program revenues	\$8,611,381	\$7,409,837	\$6,041,610	\$9,335,779
<b>Net (expense) revenue:</b>				
Governmental activities	(\$6,913,161)	(\$9,135,930)	(\$9,786,593)	(\$8,404,959)
Business-type activities	85,854	174,802	113,839	(202,670)
Total primary government net (expense) revenue	(6,827,307)	(8,961,128)	(9,672,754)	(8,607,629)

Table 2  
Page 1 of 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$3,096,685	\$3,027,254	\$4,330,097	\$4,566,308	\$3,727,831	\$4,276,092
3,807,777	3,551,574	3,872,939	3,811,071	3,907,045	4,678,868
6,368,065	6,569,274	8,735,821	7,451,179	6,633,805	8,127,437
2,327,649	2,387,392	2,215,769	1,825,496	1,954,824	2,081,855
871,133	662,757	654,344	625,932	715,158	703,269
16,471,309	16,198,251	19,808,970	18,279,986	16,938,663	19,867,521
683,231	628,752	630,928	636,642	712,099	858,647
701,325	755,772	743,983	657,178	613,529	654,748
1,384,556	1,384,524	1,374,911	1,293,820	1,325,628	1,513,395
\$17,855,865	\$17,582,775	\$21,183,881	\$19,573,806	\$18,264,291	\$21,380,916
\$559,770	\$425,485	\$1,126,227	\$649,606	\$591,979	\$759,284
587,714	614,953	717,861	781,224	879,364	881,549
1,048,588	897,927	488,316	1,387,390	505,483	388,751
509,811	526,840	562,840	421,120	588,587	540,271
531,064	463,216	450,658	383,881	305,231	383,810
1,179,042	1,878,743	2,536,708	3,169,921	2,153,675	3,248,624
1,410,953	2,730,703	7,022,082	1,088,517	4,403,281	3,221,907
5,826,942	7,537,867	12,904,692	7,881,659	9,427,600	9,424,196
567,053	582,728	597,184	653,736	781,728	877,502
592,947	718,751	696,628	746,488	875,888	858,646
-	-	-	-	-	-
-	-	-	-	115,400	-
1,160,000	1,301,479	1,293,812	1,400,224	1,773,016	1,736,148
\$6,986,942	\$8,839,346	\$14,198,504	\$9,281,883	\$11,200,616	\$11,160,344
(\$10,644,367)	(\$8,660,384)	(\$6,904,278)	(\$10,398,327)	(\$7,511,063)	(\$10,443,325)
(224,556)	(83,045)	(81,099)	106,404	447,388	222,753
(10,868,923)	(8,743,429)	(6,985,377)	(10,291,923)	(7,063,675)	(10,220,572)

	Fiscal Year			
	2013	2014	2015	2016
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes	\$5,896,074	\$6,022,589	\$6,640,739	\$6,945,795
Payments in lieu of taxes (PILOT)	901,179	903,494	902,766	903,478
Unrestricted grants and contributions	1,442,510	1,740,285	1,742,132	1,776,992
Investment earnings (loss)	80,298	122,519	109,041	107,331
Gain on sale of capital assets	67,523	6,900	-	14,196
Insurance recoveries and other	26,696	20,924	7,450	50,778
Special item - reimbursement for land swap costs	-	-	-	-
Transfers	53,215	3,500	103,500	3,500
Total governmental activities	<u>8,467,495</u>	<u>8,820,211</u>	<u>9,505,628</u>	<u>9,802,070</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings (loss)	3,385	6,919	6,349	5,619
Gain on sale of capital assets	5,266	-	331	-
Insurance recoveries	-	4,000	-	-
Transfers	(53,215)	(3,500)	(103,500)	(3,500)
Total business-type activities	<u>(44,564)</u>	<u>7,419</u>	<u>(96,820)</u>	<u>2,119</u>
Total primary government	<u>\$8,422,931</u>	<u>\$8,827,630</u>	<u>\$9,408,808</u>	<u>\$9,804,189</u>
<b>Change in net position:</b>				
Government activities	\$961,972	\$1,907,050	\$369,698	\$15,477
Business-type activities	112,607	93,273	77,982	115,958
Total primary government	<u>\$1,074,579</u>	<u>\$2,000,323</u>	<u>\$447,680</u>	<u>\$131,435</u>

Note: GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

Table 2  
Page 2 of 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$7,239,603	\$7,354,409	\$7,629,869	\$7,659,562	\$7,924,863	\$8,464,200
906,119	915,788	913,682	911,762	914,886	924,990
1,759,578	1,864,606	1,843,498	2,086,492	2,096,967	1,766,907
121,034	133,871	206,030	136,466	107,623	(534,203)
60,429	21,576	199,455	2,512,675	67,402	3,341
15,678	14,856	-	-	70,478	-
-	-	33,003	-	-	-
3,500	(29,500)	3,500	-	-	-
10,105,941	10,275,606	10,829,037	13,306,957	11,182,219	10,625,235
1,000	-	-	-	-	-
3,884	3,322	3,953	3,644	5,229	(36,076)
5,750	895	-	-	-	-
945	24,744	-	-	-	-
(3,500)	29,500	(3,500)	-	-	-
8,079	58,461	453	3,644	5,229	(36,076)
\$10,114,020	\$10,334,067	\$10,829,490	\$13,310,601	\$11,187,448	\$10,589,159
\$1,700,982	(\$368,761)	\$3,924,759	\$2,908,630	\$3,671,156	\$181,910
(194,591)	(166,095)	(80,646)	110,048	452,617	186,677
\$1,506,391	(\$534,856)	\$3,844,113	\$3,018,678	\$4,123,773	\$368,587

## CITY OF GRAND RAPIDS, MINNESOTA

Item 1.

FUND BALANCES - GOVERNMENTAL FUNDS<sup>(1)</sup>

Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
General Fund:				
Fund balance:				
Nonspendable	\$607,301	\$401,947	\$306,783	\$636,954
Restricted	12,479	14,268	17,185	17,577
Committed	243,403	331,201	422,995	517,869
Unassigned	4,633,494	4,903,066	5,253,912	5,066,530
Total general fund	<u>5,496,677</u>	<u>5,650,482</u>	<u>6,000,875</u>	<u>6,238,930</u>
All other governmental funds:				
Fund balance:				
Nonspendable	206,417	23,387	26,659	18,334
Restricted	8,922,847	6,607,864	7,012,776	7,033,902
Committed	601,378	636,819	646,943	804,728
Assigned	1,684,947	1,819,910	2,076,696	1,480,898
Unassigned	(546,851)	(117,775)	(184,210)	(579,562)
Total all other government funds	<u>10,868,738</u>	<u>8,970,205</u>	<u>9,578,864</u>	<u>8,758,300</u>
Total all funds	<u>\$16,365,415</u>	<u>\$14,620,687</u>	<u>\$15,579,739</u>	<u>\$14,997,230</u>



Table 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$1,108,226	\$1,146,321	\$1,236,463	\$1,471,076	\$1,652,993	\$1,411,674
21,677	19,419	22,535	35,950	39,516	35,374
613,922	713,901	817,236	925,572	1,049,832	1,169,769
4,526,746	4,339,372	4,544,575	4,909,111	4,812,207	5,012,023
6,270,571	6,219,013	6,620,809	7,341,709	7,554,548	7,628,840
37,351	38,130	79,738	52,941	45,109	35,693
9,945,077	7,212,565	7,108,403	6,792,754	6,282,145	13,375,777
748,398	736,371	780,416	853,737	931,143	1,030,787
1,433,487	2,110,453	1,677,812	1,811,774	2,364,975	1,748,247
(929,731)	(798,902)	(537,062)	(944,929)	(1,920,561)	(1,505,563)
11,234,582	9,298,617	9,109,307	8,566,277	7,702,811	14,684,941
\$17,505,153	\$15,517,630	\$15,730,116	\$15,907,986	\$15,257,359	\$22,313,781

**CITY OF GRAND RAPIDS, MINNESOTA**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

Item 1.

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$6,772,986	\$6,951,608	\$7,549,081	\$7,802,196
Licenses and permits	324,015	275,941	343,241	259,518
Intergovernmental	4,671,032	5,014,278	3,887,034	5,726,983
Special assessments	1,760,500	990,937	835,650	989,932
Charges for services	2,160,357	2,021,418	1,945,088	1,980,441
Fines and forfeits	204,756	172,374	150,911	140,003
Investment income	80,298	122,519	109,041	107,331
Contributions and donations	-	-	-	-
Other	388,486	441,708	378,950	899,017
Total revenues	16,362,430	15,990,783	15,198,996	17,905,421
Expenditures:				
Current:				
General government	2,013,753	2,591,609	2,318,002	3,047,872
Public safety	2,829,259	3,074,009	3,224,886	3,338,016
Public works	2,853,198	3,188,479	2,575,664	2,731,258
Culture and recreation	1,731,099	1,735,137	1,720,627	1,947,341
Miscellaneous	523,877	570,460	545,535	514,541
Capital outlay/construction	6,370,341	3,698,823	749,073	5,870,681
Decertify TIF districts	-	-	-	-
Debt service:				
Principal retirement	3,925,000	5,040,000	2,475,000	2,590,000
Interest	881,735	815,457	764,607	711,789
Paying agent fees	8,855	8,775	8,000	7,600
Bond issuance costs	112,905	70,491	-	52,693
Total expenditures	21,250,022	20,793,240	14,381,394	20,811,791
Revenues over (under) expenditures	(4,887,592)	(4,802,457)	817,602	(2,906,370)
Other financing sources (uses):				
Sale of capital assets	55,254	6,900	2,000	55,400
Capital lease proceeds	-	-	-	-
Issuance of refunding bonds	1,525,000	-	-	-
Bond issuance/bond premium	4,134,377	3,000,000	-	2,214,183
Insurance recoveries	41,032	47,329	35,950	50,778
Redemption of refunded bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	1,855,266	1,053,297	602,038	1,002,717
Transfers out	(1,802,051)	(1,049,797)	(498,538)	(999,217)
Total other financing sources (uses)	5,808,878	3,057,729	141,450	2,323,861
Net change in fund balance	\$921,286	(\$1,744,728)	\$959,052	(\$582,509)
Debt service as a percentage of noncapital expenditures	28.8%	33.4%	23.5%	22.1%

Table 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$8,179,557	\$8,217,883	\$8,490,925	\$8,536,045	\$8,758,762	\$9,440,654
332,376	212,505	499,947	450,688	384,777	479,768
3,771,612	5,860,934	10,498,053	5,742,470	8,423,475	7,337,009
631,282	762,813	514,977	432,474	341,486	318,005
2,083,233	2,089,178	2,163,196	2,067,732	2,219,548	2,275,889
116,367	114,828	112,553	92,407	98,337	114,060
121,034	133,871	206,030	136,466	107,623	(534,203)
-	-	-	-	-	326,351
1,093,069	712,397	312,273	1,063,428	242,963	445,944
16,328,530	18,104,409	22,797,954	18,521,710	20,576,971	20,203,477
2,404,189	2,426,762	3,525,148	2,960,690	3,094,350	3,466,904
3,340,909	3,608,088	3,798,604	3,847,373	4,020,689	4,202,501
2,822,303	2,795,132	2,864,435	2,984,860	3,275,655	3,582,542
1,931,650	2,015,958	1,869,413	1,525,058	1,663,705	1,781,666
553,452	562,856	332,564	1,214,096	569,299	422,144
4,736,594	4,546,229	8,813,591	7,745,469	12,160,921	6,451,029
91,038	-	95,693	-	-	-
2,597,000	5,420,000	2,480,000	2,480,000	2,515,000	2,495,000
680,534	669,089	629,512	613,237	578,766	670,696
7,150	6,250	6,350	6,850	6,600	7,075
112,018	60,199	50,948	57,920	116,617	123,390
19,276,837	22,110,563	24,466,258	23,435,553	28,001,602	23,202,947
(2,948,307)	(4,006,154)	(1,668,304)	(4,913,843)	(7,424,631)	(2,999,470)
133,885	47,887	210,616	2,526,905	51,402	6,476
-	-	-	-	-	-
3,013,286	-	-	2,275,000	6,255,000	-
2,289,881	1,973,026	1,647,547	83,520	370,304	10,000,000
15,678	27,218	19,127	206,288	97,298	49,416
-	-	-	-	-	-
-	-	-	-	-	-
4,116,142	2,096,040	982,070	806,486	1,297,912	823,737
(4,112,642)	(2,125,540)	(978,570)	(806,486)	(1,297,912)	(823,737)
5,456,230	2,018,631	1,880,790	5,091,713	6,774,004	10,055,892
\$2,507,923	(\$1,987,523)	\$212,486	\$177,870	(\$650,627)	\$7,056,422
21.3%	32.8%	16.7%	18.1%	19.2%	17.5%

**CITY OF GRAND RAPIDS, MINNESOTA**  
**PROGRAM REVENUES BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Item 1.

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
General government	\$597,344	\$566,308	\$594,476	\$781,676
Public safety	1,100,379	1,122,613	1,141,745	1,083,258
Public works	4,537,627	3,325,271	1,922,976	3,971,370
Culture and recreation	1,066,206	1,059,045	1,070,269	2,115,700
Other	-	-	-	-
Total governmental activities program revenues	<u>7,301,556</u>	<u>6,073,237</u>	<u>4,729,466</u>	<u>7,952,004</u>
Business-type activities:				
Golf course	524,670	555,588	589,499	569,276
Storm water utility	551,049	553,074	563,011	567,357
Total business-type activities program revenues	<u>1,075,719</u>	<u>1,108,662</u>	<u>1,152,510</u>	<u>1,136,633</u>
Total primary government program revenues	<u>\$8,377,275</u>	<u>\$7,181,899</u>	<u>\$5,881,976</u>	<u>\$9,088,637</u>

Table 5

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$567,926	\$486,735	\$1,261,059	\$1,627,440	\$1,352,643	\$2,235,654
1,133,127	1,154,522	1,393,344	1,322,337	1,516,232	1,491,635
2,785,332	4,360,082	8,941,143	3,638,837	5,628,437	4,699,936
1,108,439	1,494,977	1,255,309	1,263,344	905,912	978,241
232,118	41,551	34,710	29,701	24,376	18,730
<u>5,826,942</u>	<u>7,537,867</u>	<u>12,885,565</u>	<u>7,881,659</u>	<u>9,427,600</u>	<u>9,424,196</u>
567,053	582,728	597,184	653,736	781,728	877,502
592,947	718,751	696,628	746,488	875,888	858,646
<u>1,160,000</u>	<u>1,301,479</u>	<u>1,293,812</u>	<u>1,400,224</u>	<u>1,657,616</u>	<u>1,736,148</u>
<u>\$6,986,942</u>	<u>\$8,839,346</u>	<u>\$14,179,377</u>	<u>\$9,281,883</u>	<u>\$11,085,216</u>	<u>\$11,160,344</u>

## CITY OF GRAND RAPIDS, MINNESOTA

## TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Item 1.

Table 6

Fiscal Year Ended December 31	Residential Property	Commercial/ Industrial Property	All Other	Total Tax Capacity	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2013	\$4,505,919	\$4,181,742	\$653,369	\$9,341,030	\$1,127,446	\$8,213,584	68.999	\$769,618,250	1.07%
2014	4,496,682	3,933,451	618,235	9,048,368	1,120,826	7,927,542	79.308	754,740,246	1.05%
2015	4,571,503	3,906,927	681,838	9,160,268	933,840	8,226,428	79.245	762,916,480	1.08%
2016	4,724,671	3,974,339	819,387	9,518,397	1,109,824	8,408,573	79.232	786,530,358	1.07%
2017	4,756,343	3,960,710	882,231	9,599,284	1,192,888	8,406,396	82.208	792,082,220	1.06%
2018	4,757,558	3,908,563	937,951	9,604,072	1,216,383	8,387,689	82.493	795,696,602	1.05%
2019	5,115,784	3,801,713	910,424	9,827,921	1,219,912	8,608,009	83.290	824,925,900	1.04%
2020	5,144,945	3,818,146	789,321	9,752,412	1,152,780	8,599,632	83.457	822,147,100	1.05%
2021	5,258,120	3,870,142	769,972	9,898,234	1,094,170	8,804,064	83.454	836,239,865	1.05%
2022	5,858,812	3,900,149	703,981	10,462,942	1,172,324	9,290,618	82.553	891,732,700	1.04%

Source: Itasca County Auditor's Office

**CITY OF GRAND RAPIDS, MINNESOTA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Fiscal Years

Item 1.  
**Table 7**

Fiscal Year	Direct Rate - City of Grand Rapids			Overlapping Rates			Overlapping Tax Rate
	Operating	Debt	Total	Itasca County	School District #318	Special Taxing District	
2013	54.778	14.221	68.999	50.869	17.862	0.247	137.977
2014	60.623	18.685	79.308	53.852	18.583	0.260	152.003
2015	59.934	19.311	79.245	55.038	16.618	0.115	151.016
2016	62.105	17.127	79.232	58.157	16.530	0.296	154.215
2017	63.426	18.782	82.208	60.240	16.909	0.293	159.650
2018	63.881	18.612	82.493	62.465	17.189	0.254	162.401
2019	65.202	18.088	83.290	64.844	24.182	0.298	172.614
2020	65.307	18.150	83.457	67.034	23.901	0.305	174.697
2021	66.095	17.359	83.454	62.770	21.635	0.281	168.140
2022	62.569	19.984	82.553	61.029	22.808	0.283	166.673

Source: Itasca County Auditor's Office

**CITY OF GRAND RAPIDS, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
Current Year and Nine Years Ago

Item 1.  
**Table 8**

Taxpayer	2022			2013		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
UPM Blandin Paper Mill	\$541,375	1	5.50%	\$723,541	1	7.85%
Enbridge Energy, LP	322,478	2	3.27%	266,807	2	2.90%
Wal-Mart Stores	158,024	3	1.60%	224,356	3	2.43%
Enbridge Energy Pipelines	133,636	4	1.36%	139,206	4	1.51%
Majestic Pines	125,977	5	1.28%			
Grand Hospitality LLC	123,700	6	1.26%	131,077	5	1.42%
Grand Rapids Healthcare	118,341	7	1.20%			
Grand Itasca Clinic & Hospital	114,563	8	1.16%	119,112	6	1.29%
ASV, Inc. *	110,910	9	1.13%			
Arrowhead Promotion & Fulfillment Co	103,964	10	1.06%	113,340	8	1.23%
Target Corporation				116,982	7	1.27%
Home Depot USA, Inc				108,352	9	1.18%
Grand Rapids State Bank				80,925	10	0.88%
Total principal taxpayers	1,852,968		18.81%	2,023,698		21.96%
All other taxpayers	7,995,986		80.99%	7,191,071		78.04%
Total	<u>\$9,848,954</u>		<u>99.80%</u>	<u>\$9,214,769</u>		<u>100.00%</u>

Source: Itasca County Auditor's Office  
Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Itasca County.

\*Formerly Terex Corp., Inc.



**CITY OF GRAND RAPIDS, MINNESOTA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$6,125,207	\$6,013,791	98.18%	\$101,422	\$6,115,213	99.84%
2014	6,281,859	6,201,927	98.73%	79,932	6,281,859	100.00%
2015	6,845,166	6,774,792	98.97%	70,374	6,845,166	100.00%
2016	6,951,560	6,847,996	98.51%	87,383	6,935,379	99.77%
2017	7,258,674	7,169,418	98.77%	49,666	7,219,084	99.45%
2018	7,408,178	7,249,845	97.86%	59,528	7,309,373	98.67%
2019	7,689,023	7,545,606	98.13%	68,035	7,613,641	99.02%
2020	7,793,670	7,698,321	98.78%	87,369	7,785,690	99.90%
2021	8,079,328	7,864,173	97.34%	83,201	7,947,374	98.37%
2022	8,603,265	8,555,109	99.44%	-	8,555,109	99.44%

Source: Itasca County Auditor's Office

**CITY OF GRAND RAPIDS, MINNESOTA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
Last Ten Fiscal Years

Item 1.  
**Table 10**

Fiscal Year	Governmental Activities				Total Governmental Activities	Business-type Activities	Total Primary Government	Bonded Debt Per Capita
	General Obligation Bonds	General Obligation Impr Bonds	Tax Increment Bonds	Other Debt		Capital Leases		
2013	\$6,835,000	\$20,600,000	\$805,000	\$1,264,593	\$29,504,593	\$ -	\$29,504,593	\$2,715
2014	6,475,141	20,054,957	790,000	108,868	27,428,966	-	27,428,966	2,524
2015	5,794,793	18,268,519	770,000	85,224	24,918,536	-	24,918,536	2,293
2016	7,276,630	16,417,458	750,000	61,580	24,505,668	-	24,505,668	2,255
2017	8,821,458	17,584,683	730,000	40,936	27,177,077	111,968	27,289,045	2,386
2018	9,664,438	13,270,296	705,000	27,292	23,667,026	85,564	23,752,590	2,086
2019	10,678,913	11,416,220	680,000	13,648	22,788,781	58,129	22,846,910	2,006
2020	12,429,876	9,537,720	650,000	-	22,617,596	29,621	22,647,217	1,988
2021	18,320,195	7,751,432	615,000	-	26,686,627	-	26,686,627	2,399
2022	27,422,573	6,130,228	580,000	-	34,132,801	-	34,132,801	3,025

Note: Personal income not available.

Excludes component units.

Includes unamortized issuance premium for 2014 through 2021

**CITY OF GRAND RAPIDS, MINNESOTA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
Last Ten Fiscal Years

Item 1.

**Table 11**

General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds <i>c</i>	Less Amounts Restricted for Debt service	Net General Obligation Bonded Debt	Percentage of Estimated Market Value <i>a</i>	Bonded Debt Per Capita <i>b</i>
2013	\$6,835,000	\$959,776	\$5,875,224	0.7634%	\$540.55
2014	6,475,141	1,232,228	5,242,913	0.6947%	482.37
2015	5,794,793	1,252,221	4,542,572	0.5954%	417.94
2016	7,276,630	2,100,311	5,176,319	0.6581%	476.25
2017	8,821,458	2,913,286	5,908,172	0.7459%	516.67
2018	9,664,438	2,690,044	6,974,394	0.8765%	612.38
2019	10,678,913	3,716,614	6,962,299	0.8440%	611.32
2020	12,429,876	3,903,822	8,526,054	1.0370%	748.56
2021	18,320,195	4,051,168	14,269,027	1.7063%	1,282.49
2022	27,422,573	4,370,275	23,052,293	2.5851%	2,043.10

*a* See Table 6 for Estimated Market Value data.

*b* Population can be found in Table 14.

*c* Includes unamortized issuance premium for 2014 through 2021

**Table 12**

	<u>Net Debt Outstanding</u>	<u>% of Debt Applicable to City<sup>(2)</sup></u>	<u>City of Grand Rapids Share of Debt</u>
<b>Direct debt</b>			
City of Grand Rapids <sup>(1)</sup>	\$34,132,801	100.00%	\$34,132,801
<b>Overlapping debt:</b>			
Itasca County	66,155,000	14.11%	9,333,336
School District 318	<u>68,470,000</u>	<u>20.23%</u>	<u>13,853,703</u>
Total overlapping debt	<u>134,625,000</u>		<u>23,187,039</u>
Total direct and overlapping debt	<u><u>\$168,757,801</u></u>		<u><u>\$57,319,840</u></u>

Source: Itasca County Auditor's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This Schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Grand Rapids. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) Includes all debt related to governmental activities as presented in Table 10, which includes unamortized bond premiums of \$747,801.

(2) The percentage of overlapping debt applicable is estimated using the taxable market values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable market value that is within the City's boundaries.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

Item 1.

**Table 13**

**Legal Debt Margin Calculation for Fiscal Year 2022**

Estimated Market value	\$891,732,700
Debt limit percentage*	3%
Debt limit amount	<u>26,751,981</u>
Debt applicable to limit:	
Lease revenue bonds	-
General obligation bonds	<u>20,852,568</u>
	<u>20,852,568</u>
Less:	
Cash and equivalents in G.O. Bond Debt Service Funds	<u>(3,003,744)</u>
Total net debt applicable to limit	<u>17,848,824</u>
Legal debt margin	<u><u>\$8,903,157</u></u>

**Legal Debt Margin Calculation for Fiscal Years 2013 Through 2022**

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Bonded Debt per Capita
2013	10,869	\$23,088,548	\$5,798,436	\$17,290,112	25.11%	533.48
2014	10,869	22,642,207	5,393,126	17,249,081	23.82%	496.19
2015	10,869	22,887,494	4,581,451	18,306,043	20.02%	421.52
2016	10,869	23,595,911	5,471,587	18,124,324	23.19%	503.41
2017	11,435	23,762,467	6,588,263	17,174,204	27.73%	576.15
2018	11,389	23,870,898	7,606,103	16,264,795	31.86%	667.85
2019	11,389	24,747,777	8,386,527	16,361,250	33.89%	736.37
2020	11,390	24,664,413	10,002,051	14,662,362	40.55%	878.14
2021	11,126	25,087,196	15,747,803	9,339,393	62.77%	1,415.41
2022	11,283	26,751,981	17,848,824	8,903,157	66.72%	1,581.92

Source: Itasca County Auditors Office and City Finance Department

**CITY OF GRAND RAPIDS, MINNESOTA**  
**PLEDGED REVENUE COVERAGE**  
Last Ten Fiscal Years

Item 1.

**Table 14**

Fiscal Year	Improvement Bonds				Tax Increment Bonds			
	Special Assessment Collections	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2013	\$697,612	\$1,610,000	\$587,496	31.75%	\$193,981	\$15,000	\$35,934	380.85%
2014	609,576	1,645,000	466,922	28.86%	180,957	15,000	35,371	359.25%
2015	551,895	1,315,000	437,515	31.49%	237,023	20,000	34,715	433.20%
2016	514,410	1,505,000	416,830	26.77%	372,139	20,000	33,965	689.59%
2017	412,018	1,495,000	380,497	21.97%	383,897	20,000	33,170	722.02%
2018	447,143	1,450,000	344,854	24.91%	362,772	25,000	28,371	679.72%
2019	404,464	1,510,000	296,329	22.39%	227,734	25,000	19,900	507.20%
2020	314,002	1,505,000	256,638	17.82%	228,705	30,000	19,076	466.02%
2021	258,644	1,420,000	215,700	15.81%	235,563	35,000	18,100	443.62%
2022	249,526	1,255,000	174,800	17.45%	275,131	35,000	17,051	528.58%

Special assessment collections do not include prepayments.

Excludes component units.

**Table 15**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	10,869			9.60%
2014	10,869			9.90%
2015	10,869			7.60%
2016	10,869			6.70%
2017	11,435	Information Not Available		8.47%
2018	11,389			10.60%
2019	11,389			6.10%
2020	11,390			5.60%
2021	11,126			5.28%
2022	11,283			4.61%

Source: Minnesota Department of Employment and Economic Development

**CITY OF GRAND RAPIDS, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

Item 1.

**Table 16**

Taxpayer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318(2)	1,052	1	12.62%	600	1	6.89%
Grand Itasca Clinic & Hospital	526	2	6.31%	600	2	6.89%
Itasca County	444	3	5.33%	390	4	4.48%
Northland Counseling Center, Inc	250	4	3.00%			
ASV Inc.(4)	250	5	3.00%	450	8	5.16%
North Homes Inc.	220	6	2.64%			
UPM Blandin Paper Mill	225	7	2.70%	450	3	5.16%
Arrowhead Promo & Fulfillment	220	8	2.64%	290	5	3.33%
Wal-Mart	183	9	2.20%	280	6	3.21%
City of Grand Rapids(2)	179	10	2.15%	225	7	2.58%
Grand Village Nursing Home(3)				160	9	1.84%
Itasca Community College				140	10	1.61%
Total	3,549		42.59%	3,585		41.15%
All other employers	4,784		57.41%	5,129		58.86%
Total	8,333		100.00%	8,714		100.00%

Source: Minnesota Department of Employment and Economic Development

(2) Includes full-and part-time employees.

(3) Formerly known as Itasca County Nursing Home.

(4) Formerly Terex Corp., Inc.



Table 17

Function/Program	Full-time Equivalent Employees as of December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Administration	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00
Finance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community development	4.05	4.05	4.05	4.55	4.55	4.55	5.55	5.55	4.55	4.55
Engineering	2.45	2.45	2.45	2.45	3.45	3.45	4.45	4.45	4.45	4.45
Information technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police officers and dispatchers	21.50	22.50	22.50	22.50	25.50	26.50	27.50	27.70	24.70	24.70
Public works	14.00	14.00	14.00	14.00	16.00	17.00	18.00	20.00	20.00	19.00
Parks and recreation	3.00	3.00	3.00	3.00	3.00	2.00	3.00	2.00	2.00	2.00
Library	8.75	8.75	8.75	8.50	8.50	8.50	8.50	6.50	7.50	7.50
Golf course	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	2.00	2.00
Total	66.75	67.75	67.75	68.00	74.00	73.00	79.00	78.20	76.20	75.20

The City has 30 paid-on-call firefighters.

Source: City Finance Department

**CITY OF GRAND RAPIDS, MINNESOTA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Item 1.

Table 18

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police:</b>										
Physical and sexual assaults	605	460	441	346	145	218	230	231	191	137
Parking citations	537	314	239	208	590	487	451	370	337	383
DUI arrests	135	211	117	110	94	72	73	52	56	86
Traffic citations	2,113	1,544	2,175	1,579	1,366	1232	1381	863	953	984
Accidents	543	568	495	451	416	535	412	320	358	408
<b>Fire:</b>										
Emergency responses	174	138	167	182	212	146	199	203	219	214
Haz-Mat responses	14	36	53	17	13	3	0	1	1	1
Inspections	62	100	55	6	5	8	19	28	26	4
<b>Community development:</b>										
Permits issued:										
Commercial	138	96	110	120	153	120	107	113	134	88
Governmental	16	25	20	29	22	12	12	13	14	5
Residential	442	373	401	405	382	393	442	368	378	354
Building safety division:										
Rental inspections	-	-	-	-	-	-	-	-	-	181
Re-inspections	-	-	-	-	-	-	-	-	-	169
<b>Public works:</b>										
Streets swept (miles)	93	93	93	93	93	93	94	94	94	94
Roads (miles)	93	93	93	93	93	93	94	94	94	94
Streetlights	1,326	1,325	1,325	1,325	1,578	1,584	1,630	1,624	1,696	1,924
<b>Parks and recreation:</b>										
Playgrounds	10	10	11	11	11	11	11	11	11	11
Baseball/softball fields	7	7	7	7	7	7	7	7	7	7
Soccer fields	3	3	3	3	3	2	3	3	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
<b>Library:</b>										
Volumes in collection	75,343	75,173	75,751	74,541	70,991	73,332	74,073	73,670	72,425	70,704
Total volumes borrowed	183,311	172,438	173,954	163,483	160,089	183,169	191,876	98,190	131,131	160,723
<b>Golf course:</b>										
Number of passes sold										
Junior*	57	59	77	57	46	42	40	62	48	63
Young adult*	18	14	15	12	11	11	10	34	38	53
Single	106	110	107	128	113	99	101	101	127	124
Family	63	63	74	63	60	64	62	48	56	54

\*Junior =Children ages 10 to 18

\*Young Adult=Ages 19 to 24

Source: Various City Departments

**CITY OF GRAND RAPIDS, MINNESOTA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Item 1.  
 Table 19

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	22	20	20	20	21
Fire stations	2	2	2	2	2	2	2	2	1	1
Public works:										
Miles of streets maintained	93	93	93	95	95	95	95	94	94	95
Miles of sidewalks maintained	91	91	100	103	103	104	103	48	48	49
Miles of curbs and gutters maintained	112	112	112	113	113	113.5	113	113	113	160
Parks and recreation:										
Community parks and playgrounds	24	24	26	25	25	25	25	25	25	25
Total acres	227	227	350	350	350	350	350	350	350	350

Source: Various City Departments

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#### IV. OTHER INFORMATION (UNAUDITED)

DRAFT 04/05/2023

**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINED SCHEDULE OF INDEBTEDNESS**  
December 31, 2022

Item 1.

	Interest Rates	Issue Date	Final Maturity Date
<b>General Obligation Tax Increment Bonds:</b>			
Refunding TIF Bonds Series 2017B	4.20 - 4.60	12/28/2017	2/1/2034
Total General Obligation Tax Increment Bonds			
<b>General Obligation Improvement Bonds:</b>			
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022
Improvement Bonds of 2009C	1.85 - 4.3	9/1/2009	2/1/2025
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030
Improvement Refunding Bonds of 2017B	2.3 - 3.0	12/28/2017	2/1/2034
Total General Obligation Improvement Bonds			
<b>Other General Obligation Debt:</b>			
Street Reconstruction Bonds of 2013B	3.00-3.50	9/1/2013	2/1/2029
Street Reconstruction Bonds of 2016A	0.850 - 2.2	10/5/2016	2/1/2032
Street Reconstruction Bonds of 2017A	3.0 - 3.45	9/7/2017	2/1/2033
Street Reconstruction Bonds of 2018A	3.0 - 3.25	10/18/2018	2/1/2034
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036
G.O. Abatement Bonds of 2019A	2.0 - 3.0	9/5/2019	2/1/2035
G.O. Abatement Bonds of Bonds of 2021B	2.00 - 2.75	7/1/2021	2/1/2042
G.O. Temporary Bonds of 2022A	4.75	12/22/2022	12/1/2025
Total Other General Obligation Debt			
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035
Note payable - Blandin	0.00	2016	2026
Note payable - IRRRB (airport hangar)	1.00	12/2/2016	8/1/2036
Note payable - IEDC (airport hangar)	1.00	11/15/2015	11/1/2026
Note payable - VFW/Rose buildings	0.00	1/29/2021	1/29/2026
Note payable - Blandin	0.00	4/1/2020	10/1/2026
Note payable - Blandin	0.00	4/1/2020	10/1/2026
<b>Revenue Bonds and Notes (Public Utilities):</b>			
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033
Taxable G.O. Utility Revenue Bonds of 2013C	2.00-4.50	9/1/2013	2/1/2029
G.O. Utility Revenue Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025
G.O. Utility Revenue Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033
G.O. Utility Revenue Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029
Total Revenue Bonds (Public Utilities)			
Total bonded indebtedness			

## Exhibit 1

Prior Years		Payable 01/01/22	2022		Payable 12/31/2022	Due in 2023	
Original Issue	Payments		Issued	Payments		Principal	Interest
\$705,000	\$90,000	\$615,000	-	\$35,000	\$580,000	\$40,000	\$15,925
705,000	90,000	615,000	0	35,000	580,000	40,000	15,925
1,150,000	1,075,000	75,000	-	75,000	-	-	-
4,565,000	3,160,000	1,405,000	-	340,000	1,065,000	345,000	46,866
1,115,000	805,000	310,000	-	60,000	250,000	60,000	7,750
1,555,000	1,115,000	440,000	-	70,000	370,000	70,000	10,142
2,245,000	1,135,000	1,110,000	-	150,000	960,000	155,000	27,867
4,175,000	2,390,000	1,785,000	-	280,000	1,505,000	290,000	32,025
3,000,000	1,370,000	1,630,000	-	200,000	1,430,000	205,000	33,480
2,215,000	1,320,000	895,000	-	435,000	460,000	295,000	9,375
20,020,000	12,370,000	9,425,000	0	1,610,000	6,040,000	1,420,000	167,505
4,025,000	1,665,000	2,360,000	-	260,000	2,100,000	270,000	63,738
2,170,000	510,000	1,660,000	-	135,000	1,525,000	140,000	29,760
2,130,000	335,000	1,795,000	-	125,000	1,670,000	130,000	51,225
1,960,000	205,000	1,755,000	-	115,000	1,640,000	120,000	48,538
2,275,000	-	2,275,000	-	125,000	2,150,000	135,000	36,013
1,585,000	70,000	1,515,000	-	90,000	1,425,000	90,000	33,880
6,255,000	-	6,255,000	-	-	6,255,000	245,000	137,931
-	-	-	10,000,000	-	10,000,000	-	447,292
20,400,000	2,785,000	17,615,000	10,000,000	850,000	26,765,000	1,130,000	848,377
100,000	-	100,000	-	-	100,000	-	-
350,000	105,000	245,000	-	17,500	227,500	17,500	-
175,000	101,370	73,630	-	15,285	58,345	-	-
293,000	24,909	268,091	-	268,091	-	-	-
90,000	43,915	46,085	-	46,085	-	-	-
140,000	-	140,000	-	-	140,000	-	-
550,000	123,838	426,162	-	122,695	303,467	-	-
100,000	15,803	84,197	-	12,247	71,950	-	-
26,370,232	13,951,232	12,419,000	-	1,402,000	11,017,000	1,442,000	319,493
2,025,000	755,000	1,270,000	-	1,270,000	-	-	-
2,305,000	2,000,000	305,000	-	150,000	155,000	155,000	47,257
872,000	96,500	775,500	-	193,000	582,500	193,500	2,542
1,120,000	-	1,120,000	-	-	1,120,000	95,000	29,175
1,210,000	-	1,210,000	-	15,000	1,195,000	35,000	10,469
33,902,232	16,802,732	17,099,500	0	3,030,000	14,069,500	1,920,500	408,936
\$76,825,232	\$32,462,567	\$46,137,665	\$10,000,000	\$6,006,903	\$48,355,762	\$4,528,000	\$1,440,743

	Tax Increment Bonds Series 2017B	Street Reconstruction Bonds Series 2013B	Street Reconstruction Bonds Series 2016A	Street Reconstruction Bonds Series 2017A	Street Reconstruction Bonds Series 2018A	G.O. Abatement Bonds Series 2019A	Street Reconstruction Bonds Series 2020A	G.O. Abatement Bonds Series 2021B	G.O. Temporary Bonds Series 2022A	Total
Bonds payable	\$580,000	\$2,100,000	\$1,525,000	\$1,670,000	\$1,640,000	\$1,425,000	\$2,150,000	\$6,255,000	\$10,000,000	\$27,345,000
Future interest payable	111,653	254,944	163,390	317,062	321,556	222,335	253,136	1,411,287	1,397,292	4,452,655
Totals	<u>\$691,653</u>	<u>\$2,354,944</u>	<u>\$1,688,390</u>	<u>\$1,987,062</u>	<u>\$1,961,556</u>	<u>\$1,647,335</u>	<u>\$2,403,136</u>	<u>\$7,666,287</u>	<u>\$11,397,292</u>	<u>\$31,797,655</u>
Payments to maturity:										
2023	\$55,925	\$333,738	\$169,760	\$181,225	\$168,538	\$123,880	\$171,013	\$382,930	\$447,292	\$2,034,301
2024	49,800	335,488	166,960	182,250	164,937	126,105	173,262	386,056	475,000	2,059,858
2025	53,815	336,937	169,110	183,125	166,263	123,255	170,462	383,975	10,475,000	12,061,942
2026	52,895	337,712	171,160	183,850	167,438	130,255	172,612	381,756	-	1,597,678
2027	56,918	332,881	168,160	179,500	163,538	127,105	169,712	384,331	-	1,582,145
2028	55,725	337,325	170,110	179,963	164,562	128,880	171,762	381,700	-	1,590,027
2029	59,300	340,863	167,010	180,158	165,437	126,130	173,713	378,932	-	1,591,543
2030	62,725	-	168,860	180,117	161,237	128,880	170,613	380,957	-	1,253,389
2031	56,150	-	170,445	179,754	156,950	126,580	173,102	383,850	-	1,246,831
2032	59,575	-	166,815	179,058	162,418	129,170	171,103	382,700	-	1,250,839
2033	62,850	-	-	178,062	157,638	126,650	173,908	386,400	-	1,085,508
2034	65,975	-	-	-	162,600	124,070	171,515	384,950	-	909,110
2035	-	-	-	-	-	126,375	168,999	383,400	-	678,774
2036	-	-	-	-	-	-	171,360	381,750	-	553,110
2037	-	-	-	-	-	-	-	384,950	-	384,950
2038	-	-	-	-	-	-	-	383,000	-	383,000
2039	-	-	-	-	-	-	-	385,900	-	385,900
2040	-	-	-	-	-	-	-	383,650	-	383,650
2041	-	-	-	-	-	-	-	381,300	-	381,300
2042	-	-	-	-	-	-	-	383,800	-	383,800
	<u>\$691,653</u>	<u>\$2,354,944</u>	<u>\$1,688,390</u>	<u>\$1,987,062</u>	<u>\$1,961,556</u>	<u>\$1,647,335</u>	<u>\$2,403,136</u>	<u>\$7,666,287</u>	<u>\$11,397,292</u>	<u>\$31,797,655</u>



	2009C Improvement Bonds	2010A Improvement Bonds	2011B Improvement Refunding Bonds	2012A Improvement Bonds	2012B Improvement Bonds	2014A Improvement Bonds	2017B Improvement Refunding Bonds	Total
Bonds payable	\$1,065,000	\$250,000	\$370,000	\$960,000	\$1,505,000	\$1,430,000	\$460,000	\$6,040,000
Future interest payable	85,202	18,186	29,292	94,576	92,965	143,905	11,850	475,976
Totals	<u>\$1,150,202</u>	<u>\$268,186</u>	<u>\$399,292</u>	<u>\$1,054,576</u>	<u>\$1,597,965</u>	<u>\$1,573,905</u>	<u>\$471,850</u>	<u>\$6,515,976</u>
Payments to maturity:								
2023	391,866	67,750	80,142	182,867	322,025	238,480	304,375	1,587,505
2024	383,663	65,725	78,182	178,644	320,807	239,120	167,475	1,433,616
2025	374,673	68,534	81,007	173,607	319,112	239,230	-	1,256,163
2026	-	66,177	78,701	173,488	316,926	169,775	-	805,067
2027	-	-	81,260	173,207	319,095	170,885	-	744,447
2028	-	-	-	172,763	-	171,710	-	344,473
2029	-	-	-	-	-	172,240	-	172,240
2030	-	-	-	-	-	172,465	-	172,465
	<u>\$1,150,202</u>	<u>\$268,186</u>	<u>\$399,292</u>	<u>\$1,054,576</u>	<u>\$1,597,965</u>	<u>\$1,573,905</u>	<u>\$471,850</u>	<u>\$6,515,976</u>

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	2023 Tax Capacity Values	2022 Tax Capacity Values
Taxable valuations:		
Real estate	\$11,685,417	\$9,758,961
Personal property	713,279	703,981
Net tax capacity	12,398,696	\$10,462,942
Less: Captured tax increment value	(416,980)	(197,401)
Fiscal disparities contributions	(1,002,186)	(1,172,324)
Taxable net tax capacity	<u>\$10,979,530</u>	<u>\$9,093,217</u>

CITY OF GRAND RAPIDS, MINNESOTA  
SCHEDULE OF DEFERRED TAX LEVIES  
GENERAL OBLIGATION BONDS  
December 31, 2022

Item 1.

Year of Levy/ Collection	Supplemental Improvement Bond Levy <sup>(1)</sup>	\$4,565,000 Improvement Bonds Series 2009C <sup>(2)</sup>	\$1,750,000 Improvement and CIP Bonds Series 2010A	\$1,555,000 Improvement & Refunding Bonds Series 2011B	\$2,245,000 Improvement Bonds Series 2012A	\$4,025,000 Improvement Bonds Series 2013B
2022/2023	(\$150,000)	\$303,482	\$53,936	\$54,615	\$129,704	\$106,465
2023/2024	(135,000)	303,165	57,510	58,407	124,414	108,145
2024/2025	(80,000)	-	55,486	56,792	124,376	109,510
2025/2026	(80,000)	-	-	60,309	124,165	104,522
2026/2027	(55,000)	-	-	-	123,784	109,864
2027/2028	(10,000)	-	-	-	-	113,854
2028/2029	-	-	-	-	-	-
2029/2030	-	-	-	-	-	-
2030/2031	-	-	-	-	-	-
2031/2032	-	-	-	-	-	-
2032/2033	-	-	-	-	-	-
2033/2034	-	-	-	-	-	-
2034/2035	-	-	-	-	-	-
2034/2036	-	-	-	-	-	-
2034/2037	-	-	-	-	-	-
2034/2038	-	-	-	-	-	-
2034/2039	-	-	-	-	-	-
2034/2040	-	-	-	-	-	-
2034/2041	-	-	-	-	-	-
	(\$510,000)	\$606,647	\$166,932	\$230,123	\$626,443	\$652,360

<sup>(1)</sup>This column represents decreased levies which were approved to eliminate projected cash surpluses in various Debt Service Funds.

<sup>(2)</sup>This is a Build America Bond and the amount presented is after reduction for Federal Credit.

<sup>(3)</sup>Schedule of Deferred Tax Levies excludes levy for GO Improvement Bonds Series 2006C

\$3,000,000 Improvement Bonds Series 2014A	\$2,170,000 GO Street Reconst Bonds Series 2016A	\$2,130,000 GO Street Reconst Bonds Series 2017A	\$2,920,000 Improvement Refunding Bonds Series 2017B <sup>(3)</sup>	\$1,960,000 GO Street Reconst Bonds Series 2018A	\$1,585,000 Improvement Bonds Series 2019A	\$2,275,000 GO Street Reconst Bonds Series 2020A	\$6,255,000 GO CIP/ Abatement 2021B	Total
\$235,301	\$148,819	\$170,400	\$63,448	\$139,506	\$133,907	\$166,452	\$409,041	\$1,965,076
235,700	151,129	171,398	-	141,808	130,914	163,696	406,928	1,918,214
162,032	153,334	172,237	-	143,953	138,421	166,191	404,670	1,607,002
163,345	150,184	167,670	-	140,690	135,114	163,331	407,518	1,536,848
164,363	152,284	168,353	-	142,677	137,057	165,720	404,828	1,513,930
165,077	149,029	168,641	-	144,507	133,591	168,005	401,992	1,434,696
165,476	151,024	168,765	-	140,929	136,532	164,935	404,263	1,331,924
-	152,914	168,555	-	137,351	134,116	167,115	406,245	1,166,296
-	149,102	168,001	-	144,089	136,952	165,283	405,090	1,168,517
-	-	167,093	-	139,999	134,305	168,534	409,080	1,019,011
-	-	-	-	146,213	131,660	166,293	407,610	851,776
-	-	-	-	-	134,137	163,879	406,035	704,051
-	-	-	-	-	-	166,628	404,355	570,983
-	-	-	-	-	-	-	407,820	407,820
-	-	-	-	-	-	-	405,825	405,825
-	-	-	-	-	-	-	408,975	408,975
-	-	-	-	-	-	-	406,665	406,665
-	-	-	-	-	-	-	404,250	404,250
-	-	-	-	-	-	-	406,980	406,980
\$1,291,294	\$1,357,819	\$1,691,113	\$63,448	\$1,561,722	\$1,616,706	\$2,156,062	\$7,718,170	\$19,228,839

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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 Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

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, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2023. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Grand Rapids, Minnesota's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grand Rapids, Minnesota's 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.

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*  
Page 2

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 were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Grand Rapids, Minnesota's 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 City of Grand Rapids, Minnesota'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 City of Grand Rapids, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

\_\_\_\_\_, 2023



## MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

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, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements, and have issued our report thereon dated <DATE>. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Grand Rapids, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Grand Rapids, Minnesota's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

<DATE>

**CITY OF GRAND RAPIDS, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2022

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To the Honorable Mayor and  
Members of the City Council

We have substantially completed the 2022 audit of the financial statements of the City of Grand Rapids, Minnesota (the City) and the Economic Development Authority (EDA). The Public Utilities Commission (PUC) is considered a “component unit” of the City. As such, the financial statements of the PUC are included in the City’s Annual Financial Report. The audit of the PUC is anticipated to be completed in May 2023. Therefore, we have issued draft financial statements pending completion of the PUC audit.

Following this introduction letter is a Report Summary and Executive Summary with page references to the areas discussed. Thank you for the opportunity to serve the City. We are available to discuss this report with you.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

April 6, 2023

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# City of Grand Rapids, Minnesota

## Audit Management Letter

### Report Summary

#### REPORT SUMMARY

Several reports are issued in conjunction with the audit. The Annual Comprehensive Financial Report and Report on Internal Control and Legal Compliance Report have been issued in draft form. Accounting standards require the financial statements of the Public Utilities Commission be included in the City's financial statements. At the time of issuance of this Management Letter, the PUC's audited financial statements were not available. Upon the issuance of the PUC's financial statements, the City's financial statements will be updated and issued in final form. A summary is as follows:

Report Name	Elements of Report	Overview
<i>Annual Comprehensive Financial Report</i>	<ul style="list-style-type: none"> <li>Auditor's opinion</li> <li>Management's Discussion and Analysis</li> <li>Financial statements</li> <li>Footnotes</li> <li>Supplemental information</li> </ul>	<ul style="list-style-type: none"> <li>It is anticipated that an unmodified ("clean") opinion will be issued on the Basic Financial Statements</li> </ul>
<i>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</i>	<i>Results of testing</i> <ul style="list-style-type: none"> <li>Internal controls over financial reporting</li> <li>Compliance with laws, regulations, contracts and grants</li> </ul>	<ul style="list-style-type: none"> <li>We anticipate there will be: No findings of noncompliance</li> <li>No internal control findings</li> </ul>
<i>State Legal Compliance Report</i>	<ul style="list-style-type: none"> <li>Results of testing certain provisions of Minnesota Statutes</li> </ul>	<ul style="list-style-type: none"> <li>We anticipate there will be: No findings of noncompliance</li> </ul>
<i>Audit Management Letter</i>	<i>Analysis of financial condition and other issues</i> <ul style="list-style-type: none"> <li>Comparisons and trend analysis</li> <li>Policies and procedures</li> <li>Audit committee communications</li> </ul>	<ul style="list-style-type: none"> <li>See page 3 of this report for Executive Summary</li> </ul>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Governmental Accounting and Financial Reporting*

#### **EXECUTIVE SUMMARY**

Several areas highlighted for your reference include the following:

##### Awards:

- The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the past 30 years. Page 6

##### Key Financial Indicators:

- The City's property tax collection rate in 2022 was 99.26%. The special assessment collection rate was 98.3% for 2022. Page 10
- The fund balance of the City's General Fund increased \$74,000 during 2022. Revenues exceeded budget by \$155,500 and expenditures exceeded budget by \$90,500. The General Fund has met the desired cash flow reserve needs. Page 14
- A comparison of Debt Service Fund assets and outstanding debt is shown herein. Page 23

##### For the Future:

- We recommend the City continue to monitor actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds. Page 25
- Governmental accounting standards affecting future years are summarized. Page 33

Required auditor communications are included in this report. Page 34

**City of Grand Rapids, Minnesota****Audit Management Letter*****Governmental Accounting and Financial Reporting*****GOVERNMENT ACCOUNTING VS. PRIVATE SECTOR ACCOUNTING**

The City's financial statements are presented in a format that is significantly different than financial statements of a private business.

The key differences that impact accounting and financial reporting include the following:

- A. Service motive vs. profit motive
- B. Stewardship vs. return on investment
- C. Appropriated budget vs. financial plan

**Service Motive vs. Profit Motive**

In the private-sector, there generally is a direct relationship between what an individual pays and what that same individual receives. A customer that purchases two rolls of paper from Blandin Paper would expect to pay more than a customer purchasing one roll of paper. This is referred to as an "exchange-type" transaction.

The situation is different for most goods and services provided by the City of Grand Rapids, Minnesota. Generally, there is not a direct relationship between what a resident pays in taxes and the specific services that same resident receives from the City. This is referred to as a "non-exchange" transaction.

**Stewardship vs. Return on Investment**

Users of private-sector financial statements are investors and creditors. Investors interested in financial information that enables them to evaluate a business's ability to generate a return on their investment. Stock holders are concerned about earnings and earnings per share.



## City of Grand Rapids, Minnesota

### Audit Management Letter

#### Governmental Accounting and Financial Reporting

Citizens and creditors of the City need financial information that allows them to assess the City's stewardship of the financial resources provided. In other words, the financial statements need to demonstrate accountability. This accountability is a foundation of fund accounting. Maintaining separate funds demonstrates accountability to taxpayers, creditors and grantors.

#### **Budget vs. Financial Plan**

Budgets are prepared by both private sector businesses and governments. The private-sector budgets often serve as a management tool for financial planning. In a government, a budget serves as authorization to spend resources for the provision of goods and services. For the City of Grand Rapids, there are annual budgets and project budgets. The Annual Budget Report includes the budget for twelve individual funds. Additionally, the budget process uses multiple internal meetings, several meetings with the City Council, and public meetings.

#### **Summary**

Financial reporting of budgetary performance serves as an accountability/compliance tool for the City Council and taxpayers.

In summary, the City's financial statements serve to demonstrate accountability and compliance to taxpayers, creditors and grantors of council action, regulations, and grant agreements.

## City of Grand Rapids, Minnesota

### Audit Management Letter

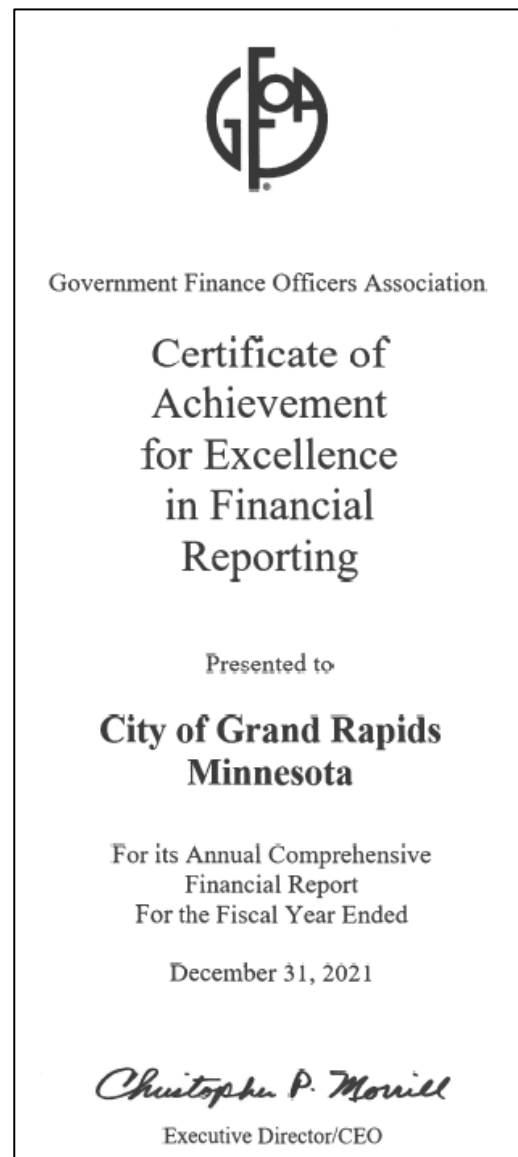
### *Excellence in Financial Reporting*

## NATIONAL RECOGNITION FOR EXCELLENCE IN FINANCIAL REPORTING

The “Certificate of Achievement for Excellence in Financial Reporting” is an award program offered by the Government Finance Officers Association of the United States and Canada (GFOA). This Award Program has three key objectives:

- Recognize governments that issue a high-quality Financial Report.
- Easily readable and understandable Financial Report.
- Providing educational materials, comments, and suggestions for improvements to program participants.

The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for twenty-nine consecutive years (every year since 1992).



## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Financial Reporting Entity*

### FINANCIAL REPORTING ENTITY

The Governmental Accounting Standards Board (GASB) is the standard setting body for accounting principles and financial reporting. The foundation of financial reporting is the distinction between the *primary government* and *component units*.

A primary government consists of all organizations that make up its legal entity. Characteristics of a primary government are a) it has a separately elected governing body, b) it is legally separate, and c) it is fiscally independent of other governments. All funds, organizations, institutions, agencies and departments that are not legally separate are, for financial reporting purposes, part of a primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

The City's finance department has evaluated all of the entities related to the City. A summary of this analysis is as follows:

Entity	Relationship
Library Board	Part of Primary Government
Arts and Culture Advisory Board	Part of Primary Government
Pokegama Golf Course Board	Part of Primary Government
Civic Center/Park & Recreation Board	Part of Primary Government
Human Rights Commission	Part of Primary Government
Planning Commission	Part of Primary Government
Public Utilities Commission	Component Unit – included in Financial Report
E.D.A.	Component Unit – included in Financial Report
Fire Relief Association	Excluded

**City of Grand Rapids, Minnesota**  
 Audit Management Letter

*Fund Financial Statements*

**ACCOUNT BALANCE ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

**Summary of Financial Activity**

The schedule below presents a condensed financial summary of all funds:

Fund Type	Revenues	Expenditures	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance	Fund Balance 12/31/2022	Cash Balance 12/31/2022
<b>General Fund</b>	\$10,402,000	\$9,874,000	(\$454,000)	\$74,000	\$7,629,000	\$5,531,000
<b>Special Revenue Funds</b>	2,396,000	2,412,000	121,000	105,000	1,161,000	1,167,000
<b>Debt Service Funds</b>	3,065,000	3,390,000	330,000	5,000	6,082,000	6,194,000
<b>Capital Project Funds</b>	14,397,000	7,526,000	3,000	6,874,000	7,442,000	10,748,000
<b>Enterprise Funds</b>	1,700,000	1,489,000	-	211,000	3,623,000	930,000
<b>Total</b>	<u>\$31,960,000</u>	<u>\$24,691,000</u>	<u>\$ -</u>	<u>\$7,269,000</u>	<u>\$25,937,000</u>	<u>\$24,570,000</u>

Additional detail by fund is presented on the next page.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Fund Financial Statements

All Funds Financial Summary - 2022					
Fund	Revenue and Other Sources	Expenditures and Other Uses	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance/ Net Position	Fund Balance/ Net Position 12/31/2022
1 <b>General</b>	\$10,402,399	\$9,874,462	(\$453,645)	\$74,292	\$7,628,840
<b>Special Revenue Funds:</b>					
2 Public Library	978,761	933,640	-	45,121	701,649
3 Central School	62,801	130,914	90,285	22,172	94,631
4 Airport Operations	317,510	294,188	20,000	43,322	193,945
5 IRA Civic Center	641,973	617,390	(24,437)	146	(47,268)
6 Haz-Mat	76,770	77,339	-	(569)	440
7 Police Forfeiture	22,083	46,317	-	(24,234)	53,968
8 Cemetery	262,219	244,328	-	17,891	153,547
9 Domestic Animal Control Facility	33,672	68,286	34,657	43	10,550
<b>Debt Service Funds:</b>					
10 Improvement Bonds	1,852,339	1,783,234	-	69,105	3,703,515
11 Street Reconstruction Bonds of 2013B and 2020A	289,641	496,797	150,000	(57,156)	989,868
12 G.O. State-Aid Street Bonds of 2007B and 2012B	394,578	397,015	-	(2,437)	12,484
13 Refunding Bonds of 2017B	215,595	456,048	-	(240,453)	419,219
14 Taxable GO Temporary Bond	38	-	179,811	179,849	179,849
15 Tax Increment 1-6 Old Hospital Housing	57,191	52,281	-	4,910	98,640
16 Tax Increment 1-6 Old Hospital Housing Paygo	34,757	31,168	-	3,589	22,525
17 Tax Increment 1-4 Oakwood Terrace	32,127	104	-	32,023	535,832
18 Tax Increment 1-7 Block 37 Redevelopment	17,375	15,726	-	1,649	20,180
19 Tax Increment 1-8 Lakewood Heights	35,617	32,085	-	3,532	31,790
20 Tax Increment 1-10 River Hills	62,615	56,420	-	6,195	33,360
21 Tax Increment 1-11 Sawmill Inn Redevelopment	11,388	93	-	11,295	16,090
22 Tax Abatement - 1st Ave Condo	33,454	43,518	-	(10,064)	15,581
23 Tax Increment 1-12 The Pillars	27,825	25,129	-	2,696	2,696
<b>Capital Project Funds:</b>					
24 Capital Equipment Replacement	219,967	947,719	155,000	(572,752)	(1,129,094)
25 Civic Center Capital Improvements	9,959,111	1,418,930	(179,811)	8,360,370	7,096,512
26 2022 Infrastructure	2,178,567	2,342,791	-	(164,224)	(164,224)
27 General Capital Improvement Projects	797,682	929,845	25,372	(106,791)	173,345
28 Park Acquisition and Development	438	27,902	-	(27,464)	67,189
29 Arts and Culture Capital Project	147	79,197	28,383	(50,667)	21,104
30 Infrastructure Bonds	147,102	254,705	(104,334)	(211,937)	741,644
31 Airport Capital Fund	240,636	213,805	-	26,831	128,991
32 GR/Cohasset Industrial park	210,000	242,171	-	(32,171)	(161,762)
33 IRA Civic Center Project	387	-	24,437	24,824	-
34 Municipal State Aid	857,731	816,194	-	41,537	488,266
35 Permanent Improvement Revolving	(215,127)	253,206	54,282	(414,051)	179,879
<b>Enterprise Funds:</b>					
36 Golf Course	869,108	847,217	-	21,891	2,690,524
37 Storm Water	830,964	641,897	-	189,067	932,443
<b>Total</b>	<b>\$31,959,441</b>	<b>\$24,692,061</b>	<b>\$0</b>	<b>\$7,267,380</b>	<b>\$25,936,748</b>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Property Taxes*

#### **Property Taxes**

Property tax collections (excluding tax increment levies) were as follows for the past four years:

	2019	2020	2021	2022
Property tax levy	<u>\$7,689,023</u>	<u>\$7,793,670</u>	<u>\$8,079,328</u>	<u>\$8,603,265</u>
Receipts:				
Current year levy	7,545,606	7,735,738	7,864,173	8,539,369
Delinquent (prior years levies)	<u>54,274</u>	<u>32,894</u>	<u>99,195</u>	<u>49,671</u>
Total receipts	<u>7,599,880</u>	<u>7,768,632</u>	<u>7,963,368</u>	<u>8,589,040</u>
Collection rates:				
Collections of current year levy as a percent of levy	<u>98.13%</u>	<u>99.26%</u>	<u>97.34%</u>	<u>99.26%</u>
Total receipts as percent of current year levy	<u>98.84%</u>	<u>99.68%</u>	<u>98.56%</u>	<u>99.83%</u>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Special Assessments*

#### **Special Assessments**

Special assessment collections have been as follows:

	2019	2020	2021	2022
Current portion due	\$414,361	\$370,472	\$306,057	\$256,562
Receipts:				
Current	404,464	336,097	270,910	252,254
Delinquent	14,160	5,476	10,980	3,991
Total receipts	418,624	341,573	281,890	256,245
Collection rates:				
Collection of amounts due	97.6%	90.7%	88.5%	98.3%
Total collections as a percent of amount due	101.0%	92.2%	92.1%	99.9%

The reduced collection rate for 2021 relates to an assessment in the General Fund for blight. For 2022, the City's collection rate has returned to an acceptable amount. We recommend the City continue to monitor the special assessment collection rate and consider the impact on the funding of debt service payments.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### General Fund

## GENERAL FUND

The General Fund of the City is maintained to account for the current operating and capital outlay expenditures common to all cities. These basic services include (but are not limited to) public safety, public works, parks, culture and recreation and general government. A summary of the revenue sources of the General Fund of the City of Grand Rapids is as follows:

General Fund Revenue By Source								
Year	Property Taxes		State Tax Relief (LGA, MVHC and Supplemental Aid)		All Other Revenue <sup>(1)</sup>		Total Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2013	3,677,404	46%	1,214,925	16%	2,914,954	38%	7,807,283	100%
2014	3,622,374	44%	1,507,585	18%	3,032,665	38%	8,162,624	100%
2015	3,946,640	47%	1,556,892	18%	2,942,815	35%	8,446,347	100%
2016	4,156,865	48%	1,587,017	18%	2,847,848	34%	8,591,730	100%
2017	4,358,987	48%	1,582,391	18%	3,060,521	34%	9,001,899	100%
2018	4,330,676	47%	1,671,022	18%	3,241,955	35%	9,243,653	100%
2019	4,642,474	48%	1,668,617	17%	3,350,091	35%	9,661,182	100%
2020	4,719,439	43%	1,854,693	17%	4,475,527	40%	11,049,659	100%
2021	4,963,402	47%	1,944,564	18%	3,757,227	35%	10,665,193	100%
2022	5,083,920	49%	2,140,270	21%	3,122,317	30%	10,346,507	100%

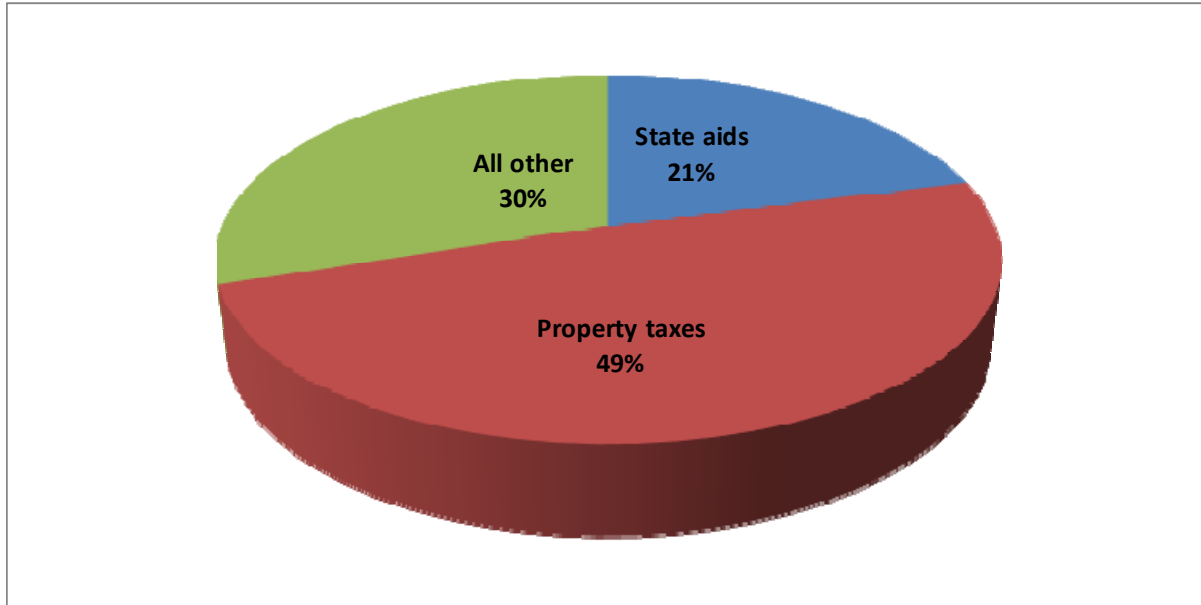
<sup>(1)</sup>"All other revenue" includes the PUC payment in lieu of tax.



**City of Grand Rapids, Minnesota**  
Audit Management Letter

*General Fund*

A chart of 2022 General Fund revenue sources is as follows:



# City of Grand Rapids, Minnesota

## Audit Management Letter

### General Fund

The fund balance of the General Fund increased by \$74,000 in 2022 as follows:

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues	\$10,191,000	\$10,346,500	\$155,500
Expenditures	9,784,000	9,874,500	(90,500)
Revenues over (under) expenditures	407,000	472,000	65,000
Other sources (uses):			
Sale of capital assets	-	6,500	6,500
Insurance recoveries	-	49,500	49,500
Transfers out	(407,000)	(454,000)	(47,000)
Total other sources (uses)	(407,000)	(398,000)	9,000
Net change in fund balance	\$0	\$74,000	\$74,000

Detail of the preceding budget variances is presented in Statement 11 of the Annual Comprehensive Financial Report. A summary of the budget variances is as follows:

#### Revenue:

**Intergovernmental revenue** – had a favorable budget variance of \$158,000. The City recognized \$117,000 of Taconite aid in excess of budget.

**Licenses and permits** – had a favorable variance of \$182,000. For 2022, building activity included one large permit for the Itasca County public safety project.

**Investment income** – the City’s realized investment income is in-line with budget. For 2022, the City also recognized a reduction in the fair (market) value of investments of \$245,000 in the General Fund. This reduction represents unrealized losses. If the City holds its investments until maturity, these losses are expected to self-correct.

## City of Grand Rapids, Minnesota

### Audit Management Letter

#### General Fund

#### Expenditures:

**City-wide** – had an unfavorable budget variance of \$90,000. Various off-setting variances make-up the overall amount, with public works expenditures over budget being a significant contributing factor.

The City's General Fund balance has been as follows for the past ten years:

General Fund Balance		
Year	Amount <sup>(1)</sup>	Increase (Decrease) <sup>(1)</sup>
2013	5,497,000	5,497,000
2014	5,651,000	154,000
2015	6,001,000	350,000
2016	6,239,000	238,000
2017	6,271,000	32,000
2018	6,219,000	(52,000)
2019	6,621,000	402,000
2020	7,342,000	721,000
2021	7,555,000	213,000
2022	7,629,000	74,000
<sup>(1)</sup> Rounded to nearest thousand		

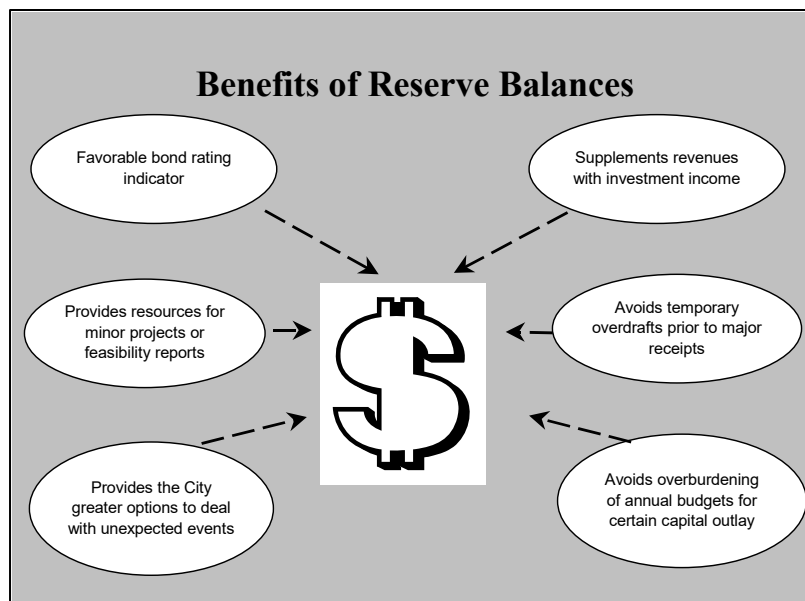
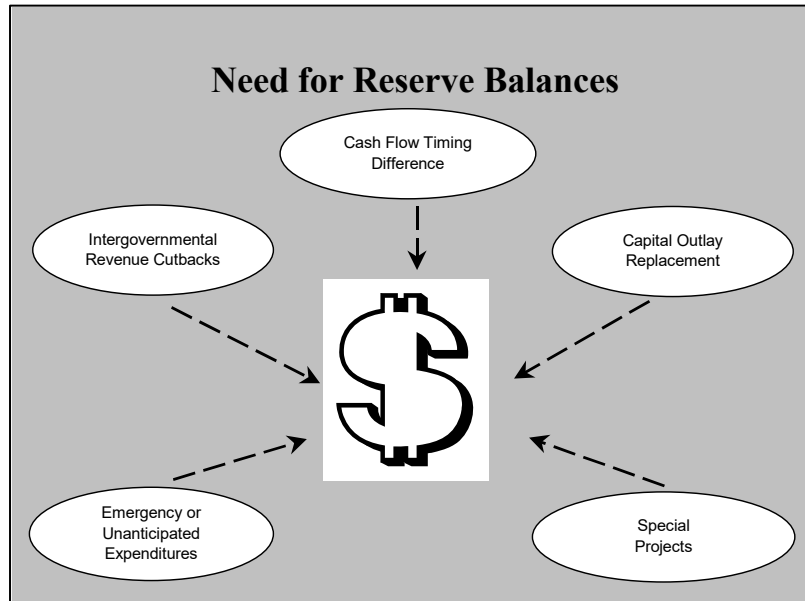
The fund balance of a city's general fund is a key financial indicator. Management controls over the level of fund balance is based on a city's philosophy and approach to determining optimum balances.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### General Fund

A summary of the purposes and benefits of General Fund designated balances is as follows:



## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *General Fund*

#### Summary of General Fund Balance

The City has a policy regarding General Fund Reserve Balances (Resolution 11-110). The City's policy for reserves in the General Fund is:

*Minimum cash flow* – to equal 50% of the following year's General Fund property tax and anticipated local government aids.

*Compensated absences* – equal to the sum of flexible time off and compensatory time for all employees each December 31.

*Emergency or unanticipated expenditures* – equal to 10% of the prior year General Fund annual revenues.

*Neighborhood and economic development* – equal to the principal amount of the sale of the liquor store.

At December 31, 2022, the unassigned fund balance of the General Fund available for reserves was \$5,012,023, compared to its targeted balance of \$6,394,276. See schedule on next page.

In addition, the City has established a specified amount of General Fund balance for revenue stabilization, which is reported as committed fund balance. When sufficient reserves exist, the amount committed is equal to 10% of the prior year annual revenues.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### General Fund

At December 31, 2022, the fund balance of the General Fund was as follows:

Fund Balance Constraint	2022		Balance 12/31/2022	Targeted Balance	Difference
	Balance 12/31/21	Increase (Decrease)			
1 <b>Nonspendable:</b>					
2   Interfund loan	\$1,479,970	(\$260,301)	\$1,219,669	\$1,219,669	\$ -
3   Prepaid items	173,023	18,982	192,005	192,005	-
4 <b>Restricted:</b>					
5   Cash - Superior USA	16,112	512	16,624	16,624	-
6   Donor restrictions	23,404	(4,654)	18,750	18,750	-
7 <b>Committed:</b>					
8   Revenue stabilization	1,049,832	119,937	1,169,769	1,169,769	-
9 <b>Unassigned (Available for Reserves):</b>					
10   Cash flow	3,954,427	76,686	4,031,113	4,031,113	-
11   Compensated absences	483,807	115,368	599,175	599,175	-
12   Emergency / unanticipated	373,973	7,762	381,735	1,066,519	(684,784)
13   Economic development	-	-	-	697,469	(697,469)
14   Unassigned	-	-	-	-	-
15 <b>Total</b>	<b>\$7,554,548</b>	<b>\$74,292</b>	<b>\$7,628,840</b>	<b>\$9,011,093</b>	<b>(\$1,382,253)</b>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Special Revenue Funds

#### SPECIAL REVENUE FUNDS

Special Revenue Funds are a classification of funds to account for revenues (and expenditures related thereto) segregated by City policy or Federal or State statutes for specific purposes. The City maintained the following Special Revenue Funds during 2022:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2022	Comments
Public Library	\$978,761	\$933,640	\$ -	\$45,121	\$701,649	This fund had a balanced budget for 2022. Revenues exceeded budget by \$15,000. Expenditures were less than budget by \$55,000.
Central School	62,801	130,914	90,285	22,172	94,631	This fund had a balanced budget for 2022. Revenues exceeded budget by \$2,700. Expenditures were greater than budget by \$14,400. This fund receives transfers from General Fund - for 2022 the transfer was \$34,000 more than budgeted.
Airport Operations	317,510	294,188	20,000	43,322	193,945	This fund had a balanced budget for 2022. Revenue exceeded budget by \$88,000. Expenditures exceed budget by \$44,000.
IRA Civic Center	641,973	617,390	(24,437)	146	(47,268)	The City budgeted an increase in fund balance of \$97,000. Revenues were in line with budget and expenditures were more than budget by \$74,000.
Haz-Mat	76,770	77,339	-	(569)	440	Balanced budget for 2022.
Police Forfeiture	22,083	46,317	-	(24,234)	53,968	This fund had a balanced budget for 2022. Revenues were under budget by \$3,000. Expenditures exceeded budget by \$21,000.
Cemetery	262,219	244,328	-	17,891	153,547	This fund had a balanced budget for 2022. Revenues exceeded budget by \$7,000. Expenditures were under budget by \$10,000.
Domestic Animal Control Facilit	33,672	68,286	34,657	43	10,550	Balanced budget for 2022.
Totals	<u>\$2,395,789</u>	<u>\$2,412,402</u>	<u>\$120,505</u>	<u>\$103,892</u>	<u>\$1,161,462</u>	

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Special Revenue Funds*

#### **Public Library**

Approximately 60% of the funding of library operations is from property taxes and state aids which are not received until the second-half of the year. Therefore, like the General Fund, a portion of the fund balance is required for cash flow purposes. In response to this circumstance, the Library Board adopted resolution 2012-12 amending the fund balance policy. A summary of Public Library Fund balance at December 31, 2022 is as follows:

<b>Public Library Fund Balance Constraints</b>			
Fund Balance Constraint	December 31, 2022		
	Targeted Balance	Actual Balance	Difference
Nonspendable:			
Prepaid items	\$12,814	\$12,814	\$ -
Committed:			
Cash flow	443,666	443,666	-
Compensated absences	44,648	44,648	-
Emergency/unanticipated expenditures	64,796	64,796	-
Major equipment replacement	74,053	135,725	(61,672)
Total committed	627,163	688,835	(61,672)
Total fund balance	\$639,977	\$701,649	(\$61,672)

As shown above, the actual fund balance is \$61,672 greater than the targeted fund balance at December 31, 2022.



# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Special Revenue Funds*

#### **IRA Civic Center**

A summary of activity of this Fund is as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Budget</u>
Revenue	\$741,158	\$558,291	\$659,759	\$641,973	\$921,212
Expenditures:					
Operating	752,645	515,776	614,736	617,390	925,664
Capital outlay	-	-	-	-	-
Revenues over (under) expenditures	(11,487)	42,515	45,023	24,583	(4,452)
Other sources:					
Insurance recoveries	-	-	41,244	-	-
Sale of capital assets	-	-	-	-	-
Transfers (to)from other funds	-	-	-	(24,437)	4,452
Net change in fund balance	(11,487)	42,515	86,267	146	0
Fund balance (deficit) - January 1	<u>(164,709)</u>	<u>(176,196)</u>	<u>(133,681)</u>	<u>(47,414)</u>	<u>(47,268)</u>
Fund balance (deficit) - December 31	<u><u>(\$176,196)</u></u>	<u><u>(\$133,681)</u></u>	<u><u>(\$47,414)</u></u>	<u><u>(\$47,268)</u></u>	<u><u>(\$47,268)</u></u>

The Fund deficit of (\$47,268) at December 31, 2022 is partially financed by an interfund loan of \$37,688 which is to be repaid over ten years (through 2025).

We recommend the City continue to monitor the financial results of this Fund.

**City of Grand Rapids, Minnesota**

## Audit Management Letter

*Debt Service Funds***DEBT SERVICE FUNDS**

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards for fund financial statements do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City's Annual Comprehensive Financial Report, it is located in several separate sections. The following schedule extracts information from the Annual Comprehensive Financial Report to provide an overview analysis of long-term debt and its related funding.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Debt Service Funds

The reader is cautioned that 1) future interest revenue from assessments and investments, and 2) future interest expense on bonded debt, is not included in the following schedule.

Fund Description	12/31/2022				Scheduled Ad-valorem Property Taxes	Final Maturity Date
	Fund Balance	Unavailable Revenue	Total	Outstanding Debt		
Special Assessment Debt:						
1 Improvement Bonds of 2009C <sup>(1)</sup>	568,382	98,032	666,414	1,065,000	606,647	2/1/2025
2 Improvement Bonds of 2010A	124,299	18,416	142,715	250,000	166,932	2/1/2026
3 Improvement Bonds of 2011B	241,548	85,314	326,862	370,000	230,123	2/1/2027
4 Improvement Bonds of 2012A	613,055	108,275	721,330	960,000	626,443	2/1/2028
5 Improvement Bonds of 2012B <sup>(2)</sup>	12,484	-	12,484	1,505,000	-	10/1/2027
6 Improvement Bonds of 2013B	783,804	137,496	921,300	2,100,000	652,360	2/1/2029
7 Improvement Bonds of 2014A	356,226	58,276	414,502	1,430,000	1,291,294	2/1/2030
8 Improvement Bonds of 2016A	315,203	109,954	425,157	1,525,000	1,357,819	2/1/3032
9 Improvement Bonds of 2021B	333,883	14,521	348,404	6,255,000	7,718,170	2/1/2042
10 Refunding Bonds of 2017B	419,219	158,978	578,197	460,000	63,448	2/1/2034
11 Street Reconstruction Bonds of 2017A	393,880	123,646	517,526	1,670,000	1,691,113	2/1/2033
12 Street Reconstruction Bonds of 2018A	337,342	111,372	448,714	1,640,000	1,561,722	2/1/2034
13 G. O. Abatement Bonds of 2019A	419,697	736,399	1,156,096	1,425,000	1,616,706	2/1/2035
14 Street Reconstruction Bonds of 2020A	206,064	113,109	319,173	2,150,000	2,156,062	2/1/2036
15 G.O. Temporary Bonds of 2022A	179,849	-	179,849	10,000,000	-	12/1/2025
16 Supplemental levy <sup>(3)</sup>	-	-	-	-	(510,000)	
Total special assessment debt	<u>5,304,935</u>	<u>1,873,788</u>	<u>7,178,723</u>	<u>32,805,000</u>	<u>19,228,839</u>	

(1) These are "Build America Bonds", the interest is subsidized by a federal credit.

(2) To be paid by MSA allotments

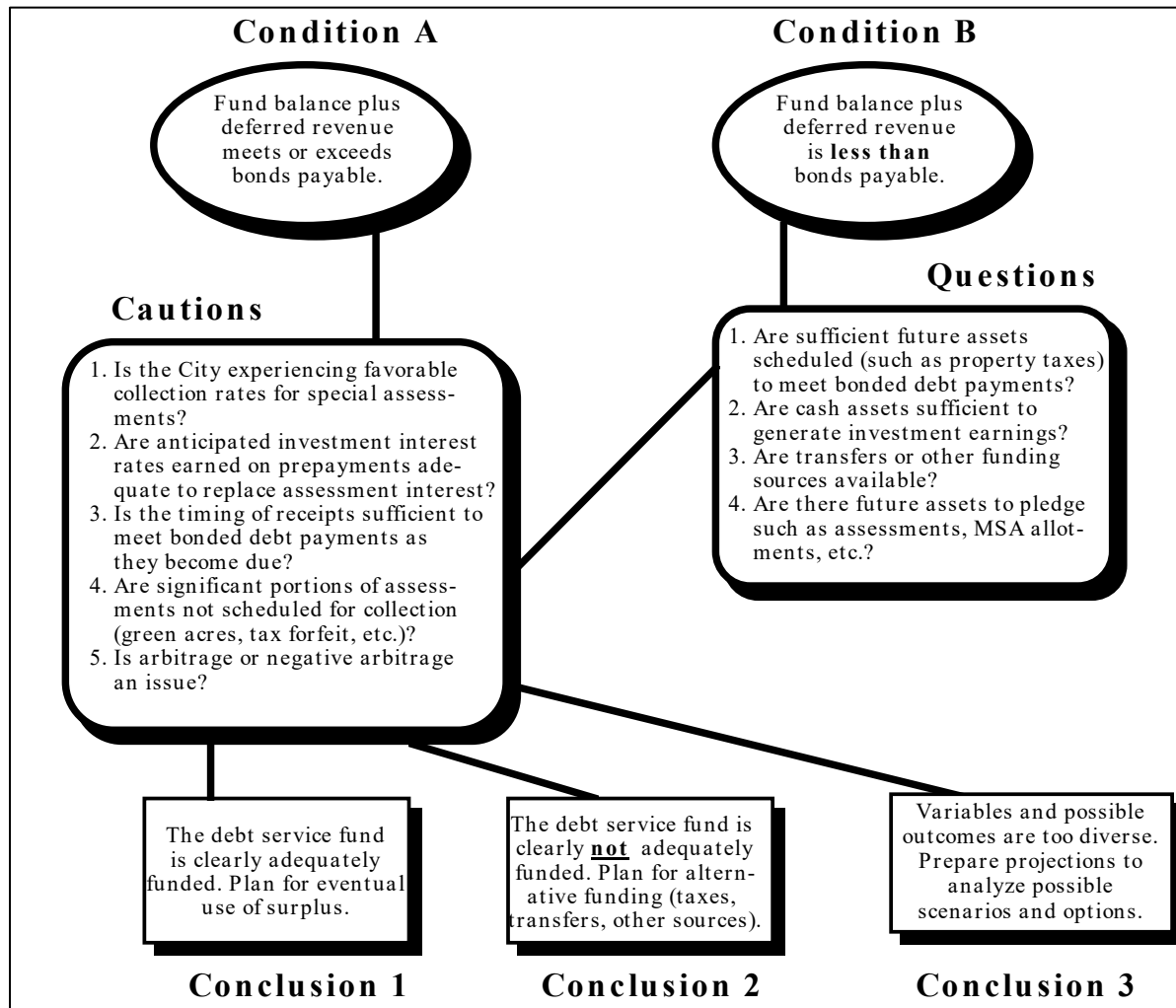
(3) This amount represents decreased levies which were approved to eliminate projected cash surpluses in various Debt Service Funds.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Debt Service Funds

The following decision chart prompts questions to further evaluate a fund's financial position:



We recommend the City continue to compare actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds and/or possibly reduce future tax levies.

**City of Grand Rapids, Minnesota**

## Audit Management Letter

*Tax Increment Districts***TAX INCREMENT DISTRICTS**

The City of Grand Rapids currently has the following tax increment districts:

- TIF 1-4      Oakwood Terrace
- TIF 1-6      Old Hospital Housing
- TIF 1-7      Block 37 Redevelopment
- TIF 1-8      Lakewood Heights
- TIF 1-10     River Hills Apartments
- TIF 1-11     Rebound (Sawmill)
- TIF 1-12     The Pillars
- TIF 1-13     Unique Opportunities Apartments

**Tax Increment 1-4 (Oakwood Terrace)**

The final payment on a pay-as-you-go note was made in 2006. The fund no longer has note or debt service payments and is collecting tax increment. Any extra tax increment from this district has been pledged to pay any shortfalls of TIF 1-6 (relating to the 2017B TIF Refunding Bonds only). This pledge was made because the owner of Oakwood Terrace is the same owner as the Old Hospital Housing.

## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Tax Increment Districts*

#### **Tax Increment 1-6 (Old Hospital Housing)**

The district is divided into two main parcels:

1. Assisted Living Facility on the East Clinic site:
  - 2008 was the first year tax increment was received relating to this parcel.
  - The tax increment (90%) is used to make debt service payments on the \$850,000 G.O. TIF Bonds, 2008A. This bond issue was refunded by the 2017B Bonds.
2. Old hospital site was redeveloped into low to moderate income housing:
  - The old hospital was demolished in 2008. TIF Bond proceeds financed the demolition costs.
  - The tax increment derived from this site is used to make the debt service payments on the \$307,500 Tax Increment Revenue Notes, 2008B (paygo).
  - The outstanding balance of this note at December 31, 2022 was \$307,500.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Tax Increment Districts*

#### **Tax Increment 1-7 (Block 37 Redevelopment)**

The tax increment derived from this site is used to pay the \$389,300 2008A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. The outstanding balance of this note was \$389,300 at December 31, 2022.

#### **Tax Increment 1-8 (Lakewood Heights)**

The tax increment derived from this site are used to pay the \$350,000 2013A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. 2013 was the first year tax increment was received. The outstanding balance of this note was \$210,463 at December 31, 2022.

#### **Tax Increment 1-10 (River Hills)**

Tax increment derived from the district are used to pay the \$300,000 2016A TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$216,212 at December 31, 2022. In addition, tax increments derived from this district is used to pay the \$300,000 2017B TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$232,212 at December 31, 2022.

A Summary of the 2022 financial activity of the TIF funds is as follows:

Fund	Revenue and Other Sources	Expenditures and Other Uses	Increase (Decrease) in Fund Balance	Fund Balance 12/31/2022	PAYGO Balance 12/31/2022
Tax Increment 1-6 Old Hospital Housing	57,000	52,000	5,000	99,000	-
Tax Increment 1-6 Old Hospital Housing Paygo	35,000	31,000	4,000	23,000	307,500
Tax Increment 1-4 Oakwood Terrace	32,000	-	32,000	536,000	-
Tax Increment 1-7 Block 37 Redevelopment	17,000	16,000	1,000	20,000	389,300
Tax Increment 1-8 Lakewood Heights	36,000	32,000	4,000	32,000	210,500
Tax Increment 1-10 River Hills	63,000	56,000	7,000	33,000	448,400
Tax Increment 1-11 Sawmill Inn Redevelopment	11,000	-	11,000	16,000	-
Tax Increment 1-12 The Pillars	28,000	25,000	3,000	3,000	1,751,800
Tax Increment 1-13 Unique Opportunities Apartments	-	-	-	-	372,000
Total	279,000	212,000	64,000	759,000	3,479,500

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Capital Project Funds

## CAPITAL PROJECT FUNDS

The financial activity of the Capital Project Funds for 2022 was as follows:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2022	Comments
Capital Equipment Replacement	\$219,967	\$947,719	\$155,000	(\$572,752)	(\$1,129,094)	2022 expenditures include purchase of fire engine #21
Civic Center Capital Improvements	9,959,111	1,418,930	(179,811)	8,360,370	7,096,512	This fund accounts for the Civic Center renovation.
2022 Infrastructure	2,178,567	2,342,791	-	(164,224)	(164,224)	2022 activity in this fund includes the 21st SW Extension project
General Capital Improvement Project	797,682	929,845	25,372	(106,791)	173,345	The most significant activity during 2022 relate to the autonomous vehicle
Park Acquisition and Development	438	27,902	-	(27,464)	67,189	
Arts and Culture Capital Project	147	79,197	28,383	(50,667)	21,104	
Infrastructure Bonds	147,102	254,705	(104,334)	(211,937)	741,644	
Airport Capital Fund	240,636	213,805	-	26,831	128,991	
GR/Cohasset Industrial park	210,000	242,171	-	(32,171)	(161,762)	
IRA Civic Center Project	387	-	24,437	24,824	-	
Municipal State Aid	857,731	816,194	-	41,537	488,266	The most significant project in this fund during 2022 was the 7th Ave SE and 10th St SE Overlay
Permanent Improvement Revolving	(215,127)	253,206	54,282	(414,051)	179,879	
Totals	<u>\$14,396,641</u>	<u>\$7,526,465</u>	<u>\$3,329</u>	<u>\$6,873,505</u>	<u>\$7,441,850</u>	



# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Economic Development Authority*

## ENTERPRISE FUNDS

The City maintains two Enterprise Funds, the Pokegama Golf Course and the Storm Water Utility Fund.

### Pokegama Golf Course Fund

A summary of golf course operations for the preceding four years is as follows:

	2019	2020	2021	2022
Operating revenue	\$589,751	\$651,736	\$776,841	\$864,518
Operating expenses	624,109	635,929	718,957	845,560
Operating income (loss)	(34,358)	15,807	57,884	18,958
Other income (expense) - net	5,190	(735)	119,188	2,933
Transfers in	-	-	-	-
Transfers out	(3,500)	-	-	-
Change in net assets	<u>(\$32,668)</u>	<u>\$15,072</u>	<u>\$177,072</u>	<u>\$21,891</u>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Economic Development Authority*

#### **Storm Water Utility Fund**

This Fund was established in 2004. The transfers out of the Fund are for the storm water utility's portion of infrastructure improvements made during the year.

	2019	2020	2021	2022
Operating revenue	\$694,278	\$743,663	\$873,563	\$857,346
Operating expenses	740,480	663,576	624,495	641,897
Operating income	(46,202)	80,087	249,068	215,449
Other income (expense) - net	3,236	4,123	5,262	(26,382)
Transfers in (out)	-	-	-	-
Change in net assets	(\$42,966)	\$84,210	\$254,330	\$189,067

Rates increased 13%, 6.25% and 2.94% for 2020, 2021 and 2022 respectively.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Economic Development Authority*

#### **ECONOMIC DEVELOPMENT AUTHORITY**

This organization was established and began operations in 1987 pursuant to Minnesota Statute 458C (subsequently amended and recodified). During 1994, the City adopted resolution 94-164 which modified the previous enabling resolution to refer to current statutory authority for EDA's as contained in Chapter 469 of Minnesota Statutes. Among other things, this resolution impacted the financial reporting of the EDA. The EDA is reported as a discrete component unit, similar to the Public Utilities Commission.

Fund balances of EDA funds are as follows:

Fund	Revenue	Expenditures	Change in Fund Balance	Fund Balance 12/31/2022
General	\$103	\$13,903	(\$13,800)	\$4,296
Capital Project	998,282	728,935	269,347	1,090,452
Total	<u>\$998,385</u>	<u>\$742,838</u>	<u>\$255,547</u>	<u>\$1,094,748</u>

Capital Project expenditures for 2022 include the following:

Great River Acres	\$26,059
Industrial Park Signage	12,865
Loans issued	12,265
Downtown Planning	78,871
Loan repayments	481,671
All other	<u>117,204</u>
Total	<u>\$728,935</u>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### *Economic Development Authority*

The EDA has several loans payable. A summary of these loans is as follows:

Payee	Purpose	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Blandin Foundation	Block 20 & 21 soil remediation	\$100,000	\$ -	\$ -	\$100,000
Blandin Foundation	Airport industrial park	245,000	-	17,500	227,500
Blandin Foundation	Commercial building improvement loans	73,630	-	15,285	58,345
Blandin Foundation	VFW/Rose Bldgs	140,000	-	-	140,000
IRRRB	Airport Hangar	268,091	-	268,091	-
IEDC	Airport Hangar	46,085	-	46,085	-
Blandin Foundation	EWCL	426,162	-	122,695	303,467
Blandin Foundation	EWCL	84,197	-	12,247	71,950
	Total	<u>\$1,383,165</u>	<u>\$ -</u>	<u>\$481,903</u>	<u>\$901,262</u>

The EDA also has inventory of Land Held for resale in the amount of \$2,831,472. A summary of these assets are as follows:

Industrial park East	\$274,500
Airport South Industrial Park - Phase 1	162,212
Airport South Industrial Park - Phase 2	197,739
Airport properties	576,344
Carlson Property	30,000
Great River Acres	637,848
Block 5	258,602
Forest Lake school site	250,000
Block 18 (VFW and Rose)	134,927
Block 23	42,000
Blocks 20 and 21	267,300
	<u>\$2,831,472</u>

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Accounting Standards

## ACCOUNTING STANDARDS

Governmental Accounting Standards Board (GASB) statements that are required to be implemented in future years that may affect the City are as follows:

Upcoming GASB Statements	City Implementation Required By
<b>Statement No. 94</b> <i>Public-Private and Private-Private Partnerships and Availability Payment Arrangements</i>	2023
<b>Statement No. 96</b> <i>Subscription-Based Information Technology Arrangements</i>	2023
<b>Statement No. 99</b> <i>Omnibus 2022</i>	2023
<b>Statement No. 100</b> <i>Accounting Changes and Error Corrections</i>	2024

**City of Grand Rapids, Minnesota****Audit Management Letter*****Communication With Those Charged With Governance*****COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have substantially completed the audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the for the year ended December 31, 2022. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated January 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 23 to the financial statements, the City adopted new accounting guidance for 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

**City of Grand Rapids, Minnesota****Audit Management Letter*****Communication With Those Charged With Governance***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are the estimated present value of the lease receivable, the estimate of OPEB liability and the estimates used to calculate the net pension liability, the pension related deferred outflows and inflows of resources, and pension expense. These estimates are based on the City's estimated incremental borrowing rate as of January 1, 2022 and actuarial studies. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 9 – Defined Benefit Pension Plans.

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

**City of Grand Rapids, Minnesota****Audit Management Letter*****Communication With Those Charged With Governance*****Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements that have an effect on our opinion on the financial statements. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

**Management Representations**

We will be requesting certain representations from management that are included in the management representation letter.



**City of Grand Rapids, Minnesota****Audit Management Letter*****Communication With Those Charged With Governance*****Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Accounting standards require the City to report investments at fair value. Historically, the City has reported its brokered certificates of deposits at cost due to an immaterial difference between cost and fair value. Other investments were reported at fair value. Market conditions at the end of 2022 resulted in a material difference between cost and fair value and accordingly, the City has reported all investments (including certificates of deposit) at fair value, resulting in an unrealized loss relating to investment income of \$665,709 and \$51,646 for the City and EDA respectively.

**City of Grand Rapids, Minnesota****Audit Management Letter***Communication With Those Charged With Governance***Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison information, Schedule of Changes in total OPEB Liability and related ratios and The Schedules of Proportionate Share of Pensions Liability and Pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on that RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, statistical section and other information section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

**City of Grand Rapids, Minnesota**

## Audit Management Letter

*Communication With Those Charged With Governance***Restriction on Use**

This information is intended solely for the information and use of the City Council and Management of the City of Grand Rapids, Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.