



CITY COUNCIL WORKSESSION AGENDA

Monday, August 24, 2026

4:30 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Worksession meeting of the Grand Rapids City Council will be held on Monday, August 24, 2026 at 4:30 PM in the City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

ROLL CALL:

BUSINESS:

1. Financial Presentation by CliftonLarsonAllen LLP.

REVIEW OF REGULAR AGENDA:

ADJOURN:

Attest: Kimberly Gibeau, City Clerk



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

REQUEST FOR COUNCIL ACTION

AGENDA DATE: August 24, 2026

AGENDA ITEM: Financial Presentation by CliftonLarsonAllen LLP.

PREPARED BY: Carl Babich

BACKGROUND:

Attached please find the following reports that will be discussed at the Council Work Session on August 24, 2026:

-2025 Audit Exit Presentation

On file in the finance department for review are the following reports:

-2025 Annual Comprehensive Financial Report

-2025 Independent Auditor's Report on Compliance and on Internal Controls

-2025 Independent Auditor's Report on MN Legal Compliance

Ms. Mary Reedy and Mr. Eric Smedsrud from CliftonLarsonAllen LLP, will virtually connect on Monday, August 24, 2026, to make a presentation to the City Council of the audited financial statements, the Management Letter, Report on Compliance and Internal Controls, and State Legal Compliance for fiscal year 2025 at the 4:00 p.m. work session.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

City of Grand Rapids Audit Results Grand Rapids City Council

Auditor Discussion Agenda Items

- Audit Results
- Financial Results
- Other Discussions, Insights, Observations



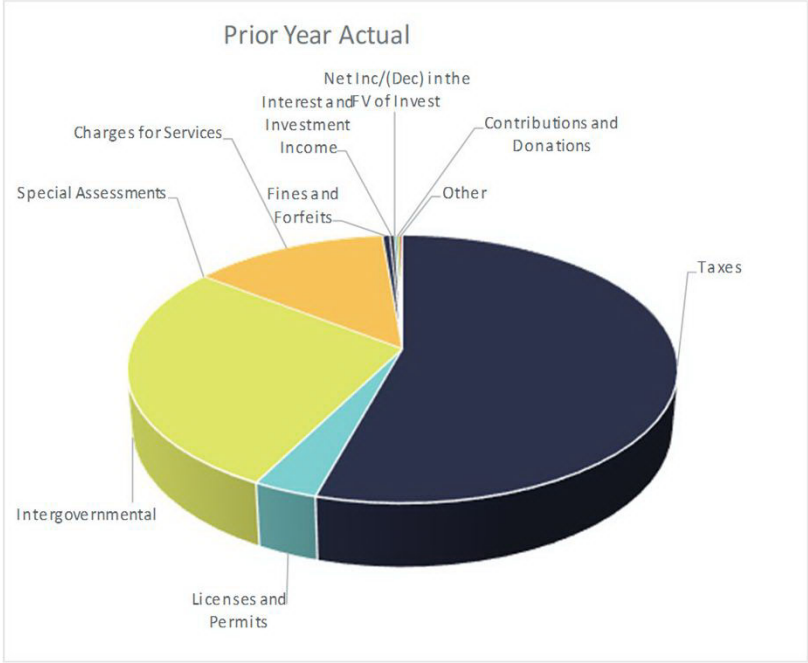
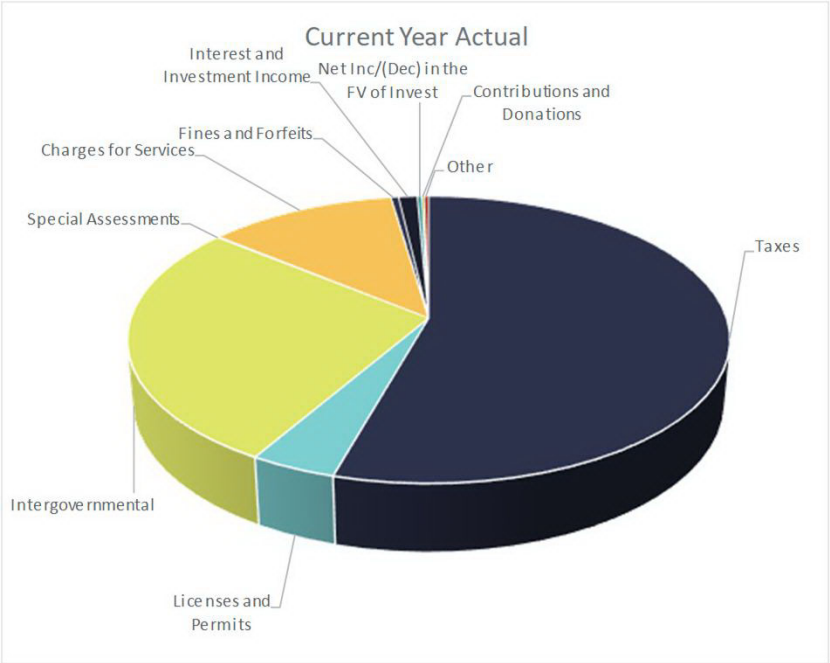
City's Audit Results

- Unmodified Opinion (Clean)
 - On the basic financial statement – concluded financial statements are fairly stated
- Compliance and Internal Control Over Financial Reporting
 - Material weakness in internal control:
 - Material Audit adjustment
 - There was an adjustment to adjust the value of MN DOT receivable and the related deferred inflows.
 - Lack of Segregation of Duties
 - There was a lack of segregation of duties around the review of tax revenue allocations, nonexchange revenue coding, and performing monthly bank reconciliations.
- Minnesota Legal Compliance
 - Seven areas – No findings



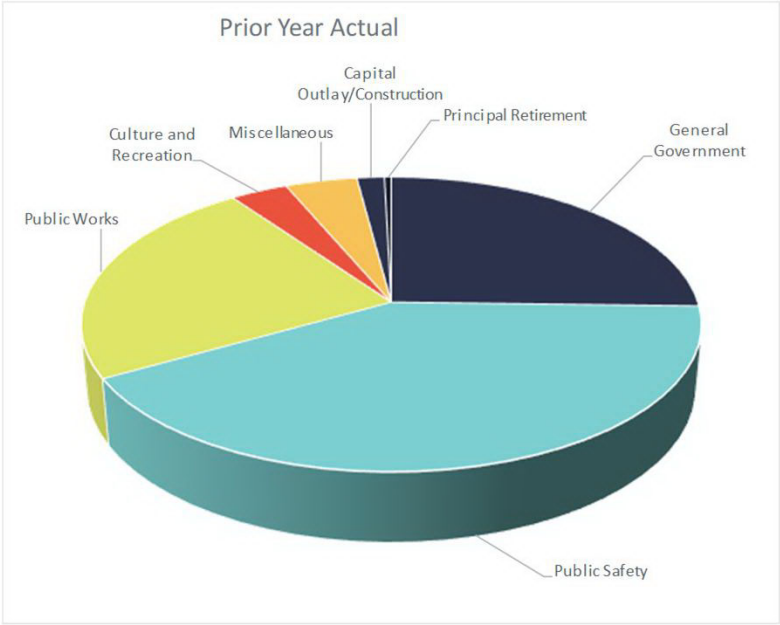
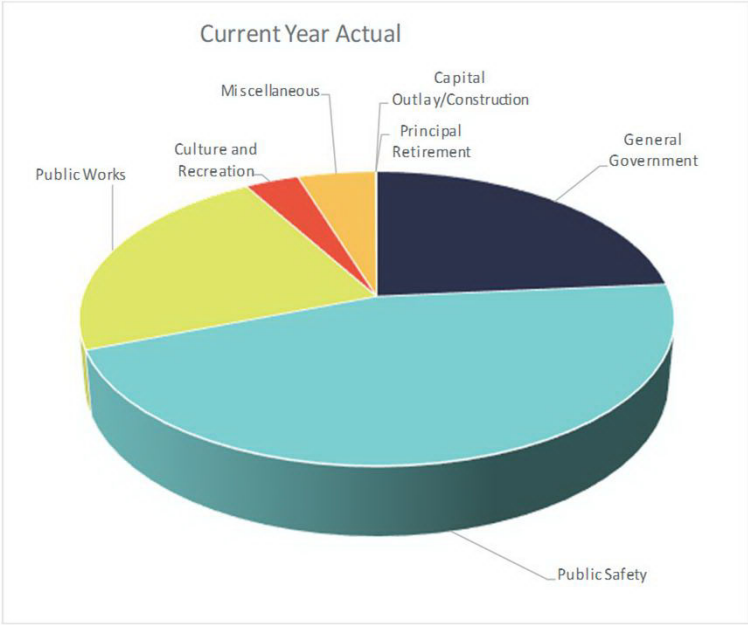
City's Financial Results (Continued)

General Fund Balances-Revenues



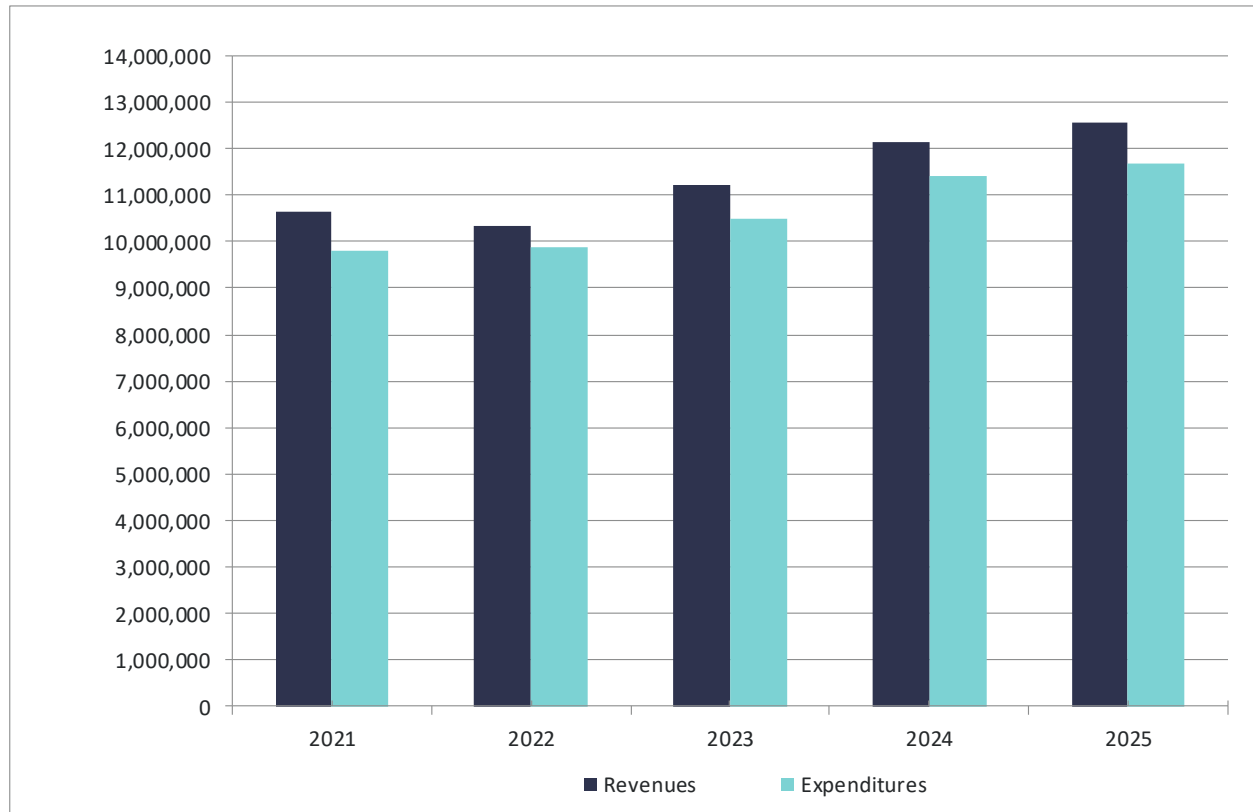
City's Financial Results (Continued)

General Fund Balances-Expenditures



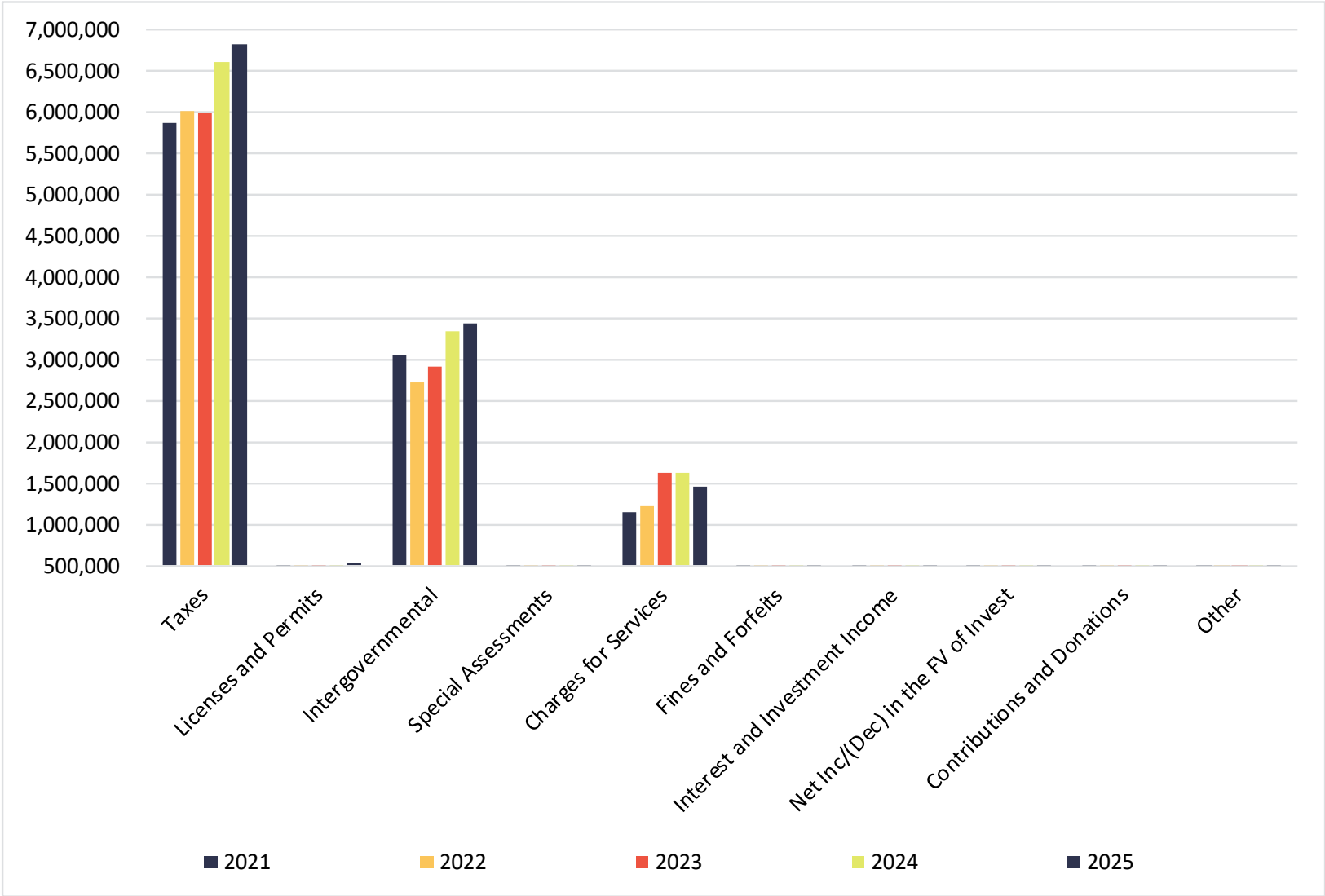
General Fund

Revenues and Expenditures

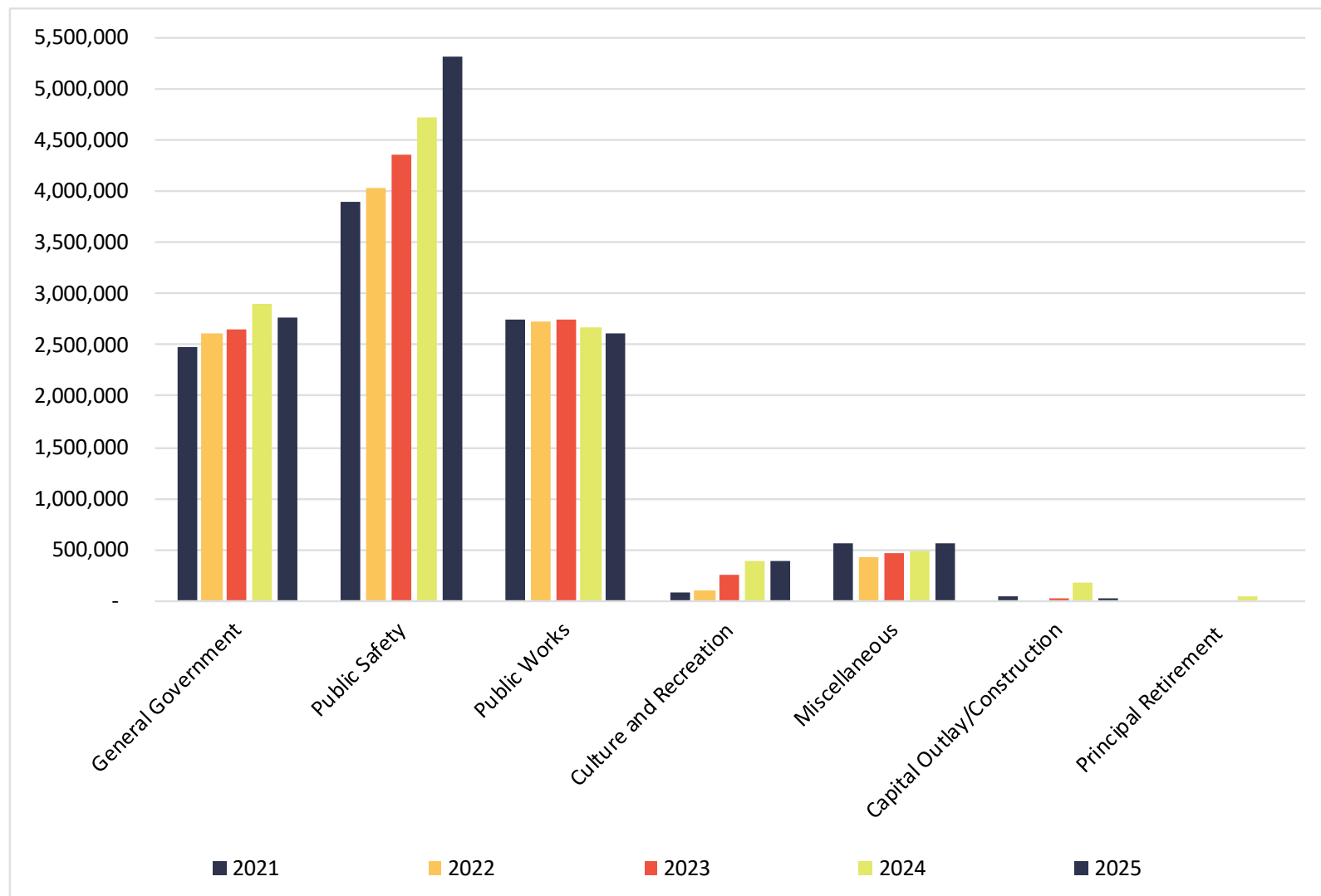


- Revenues increased due to an increase in taxes and intergovernmental revenues
- Expenditures increased the most in public safety
- Transfers out increased slightly
- Net decrease in fund balance of \$6,000
- Ending fund balance of \$7,967,000

General Fund Revenues

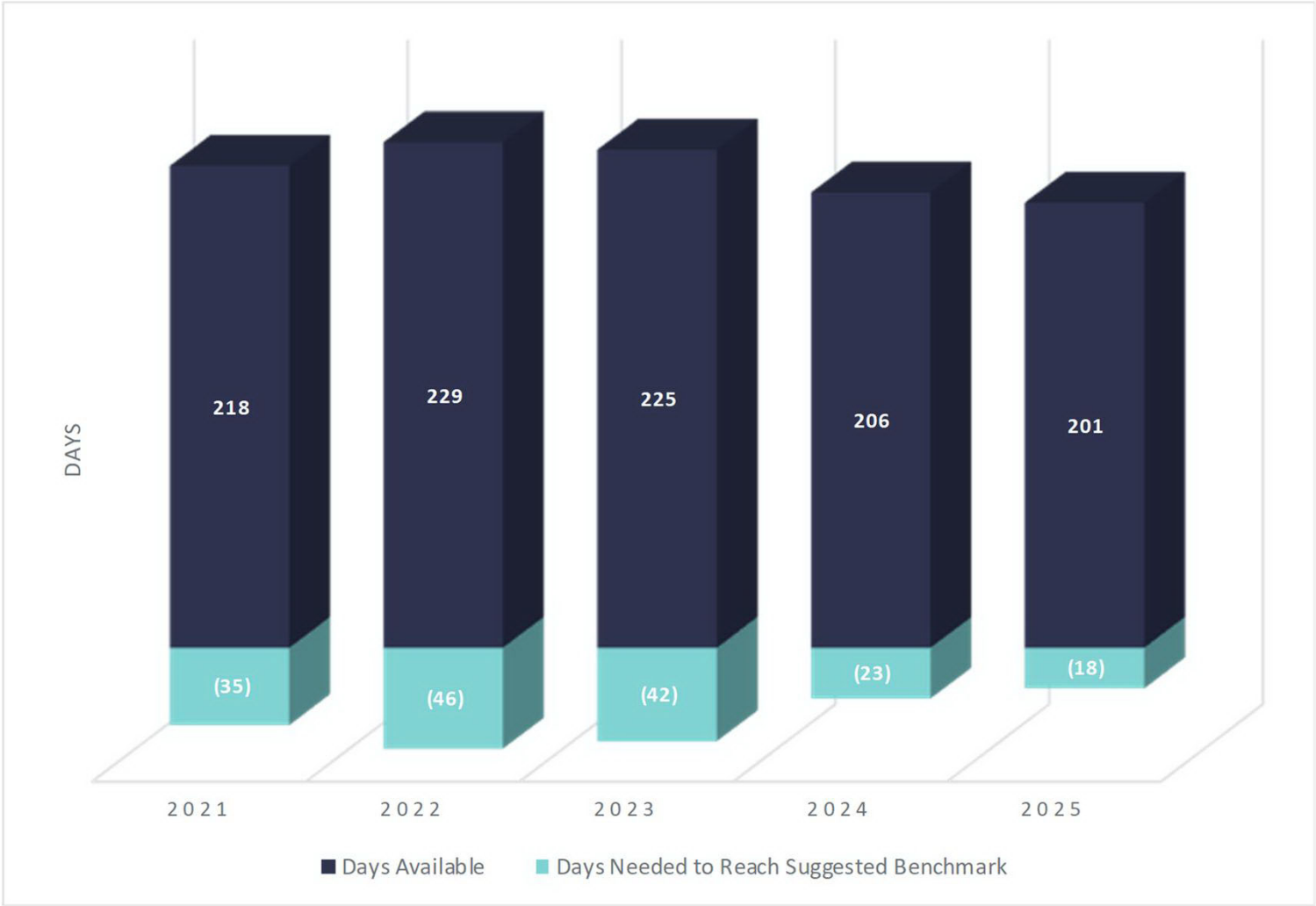


General Fund Expenditures



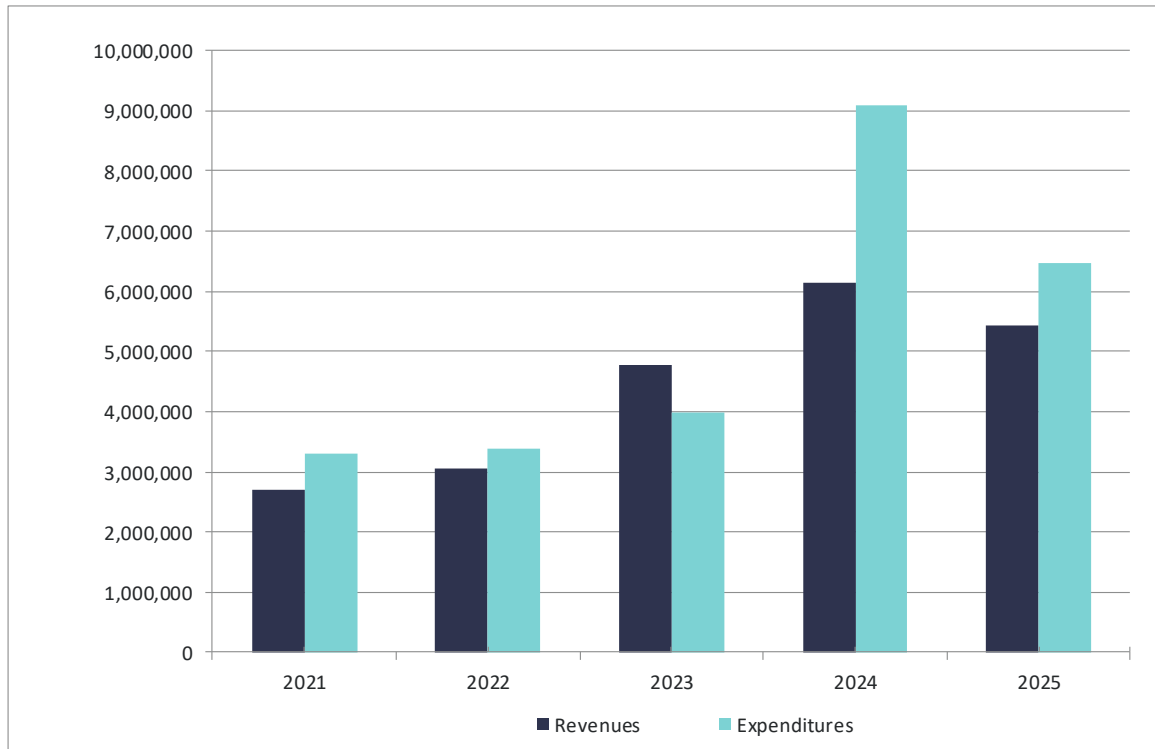
City's Financial Results

General Fund Days Expenditures in Unassigned/Committed Fund Balance



Debt Service Funds

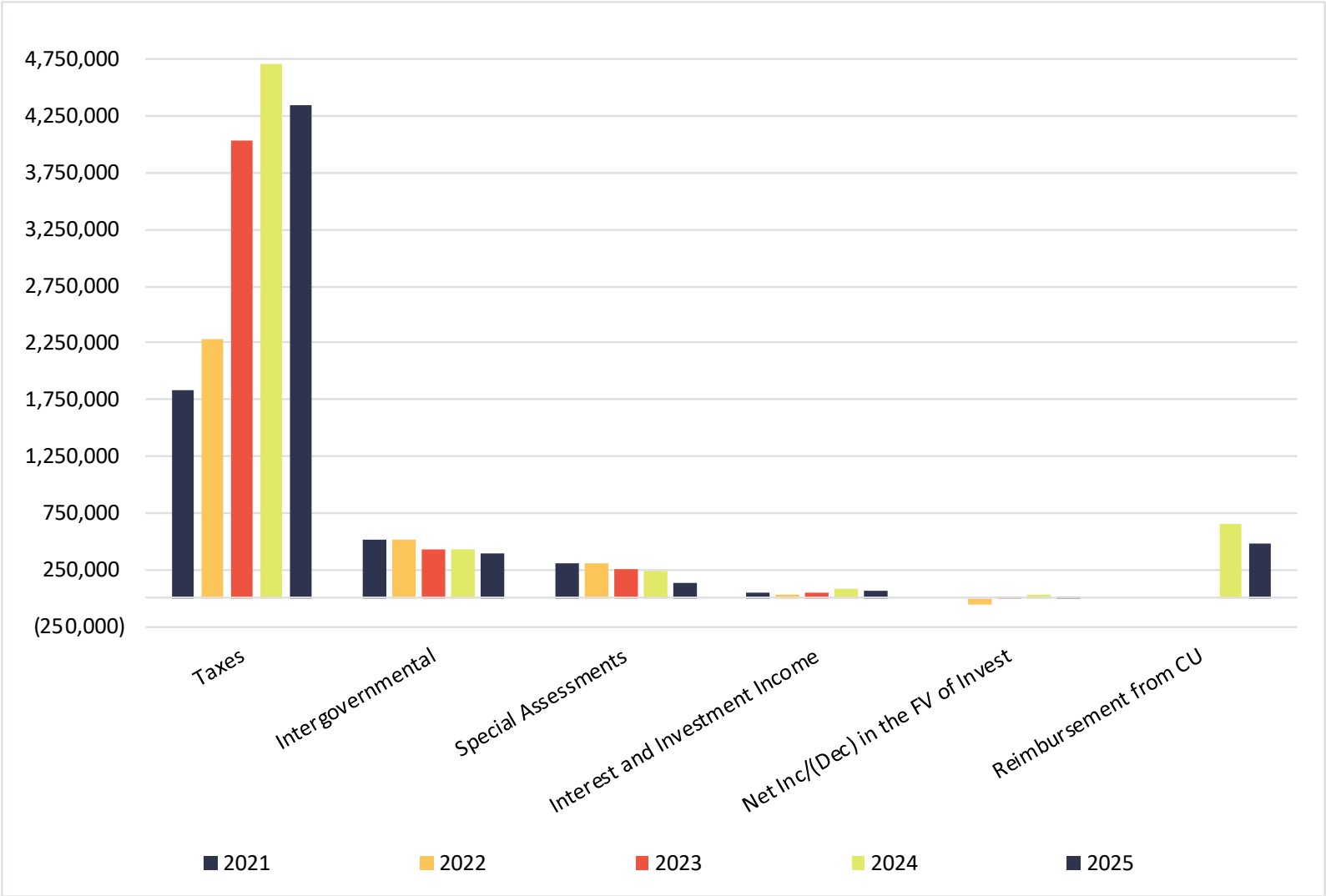
Revenues and Expenditures



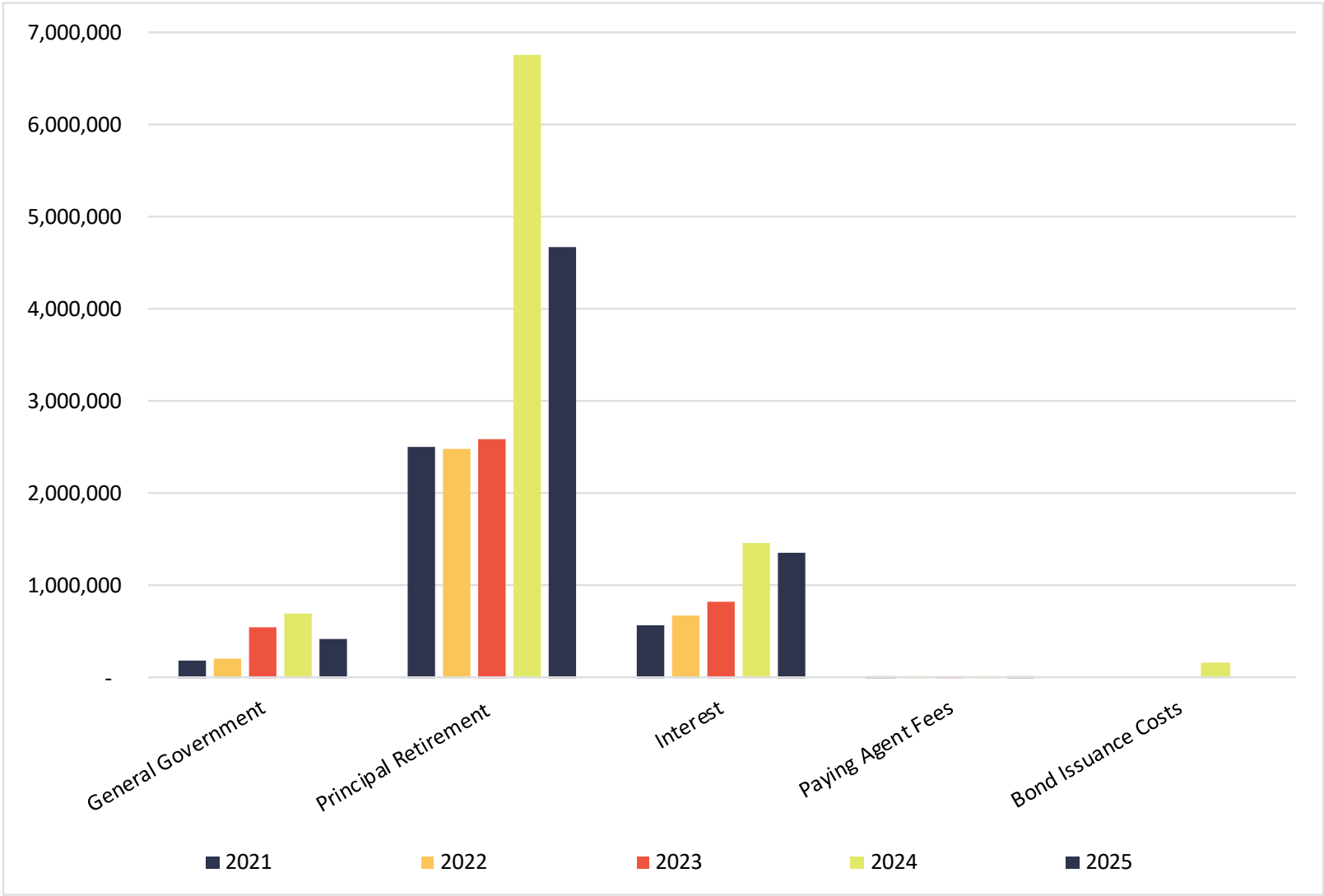
- Combined into one fund
 - Separate internally
- PUC debt
 - Receivable balance of total debt owed decreased due to reoccurring payments
 - Interest shown as reimbursement from PUC
- Decrease in expenditures is due to PUC payment on bonds
- Decrease in revenues is due to PUC interest payments
- Current fund balance of \$23,200,000
 - \$15,300,000 relates to PUC

Debt Service Funds

Revenues

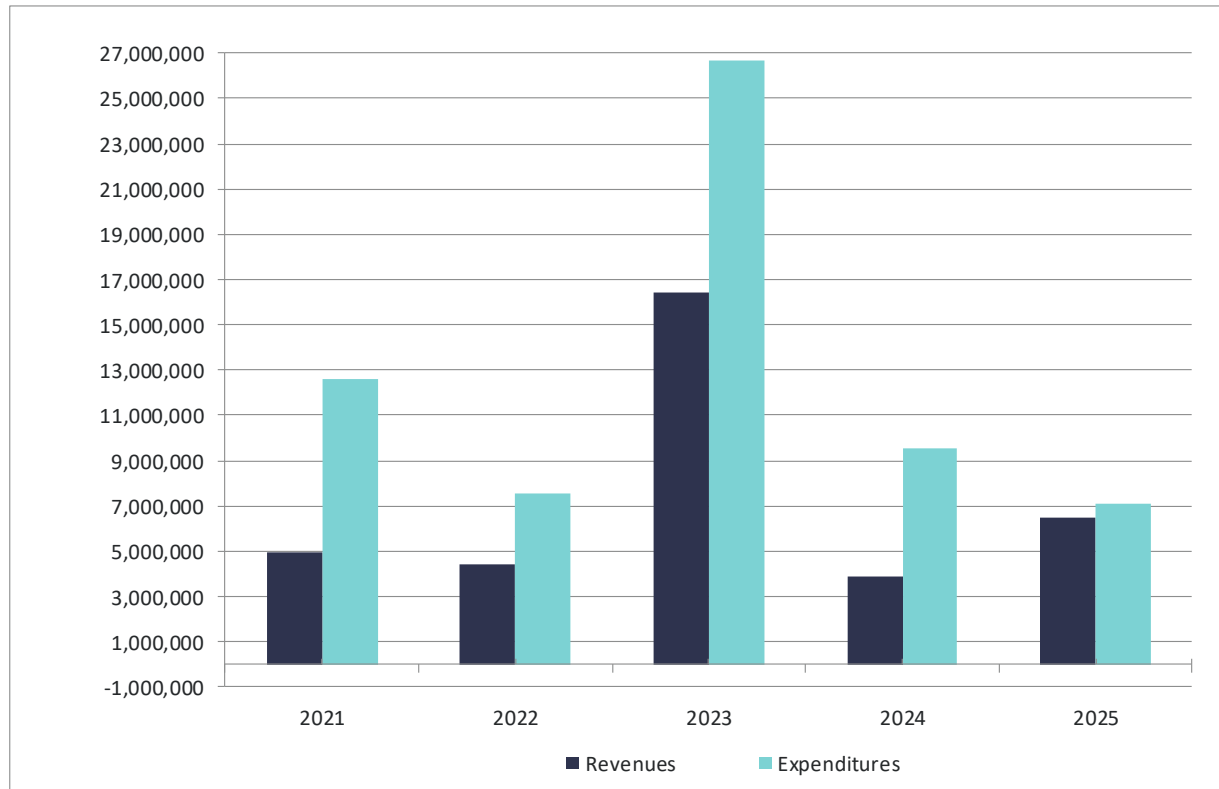


Debt Service Funds Expenditures



Capital Projects

Revenues and Expenditures

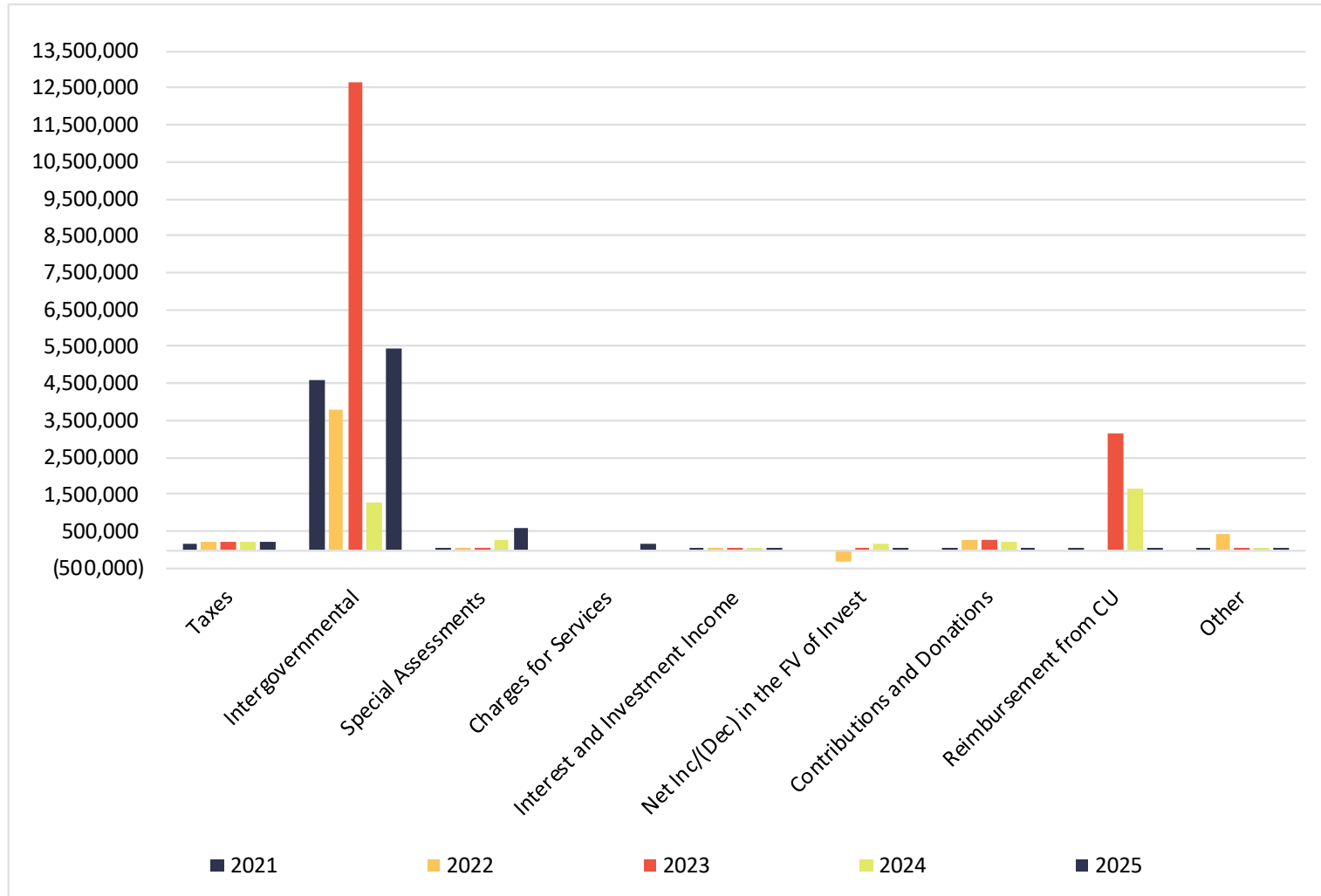


- Combined into one fund
 - Separate internally
- Revenues increased due to an increase in intergovernmental funding
 - Dependent on projects that are being done
- Expenditures decreased due to a decrease in project activity
 - Dependent on projects that are being done
- Current fund balance of \$3,100,000

Capital Projects

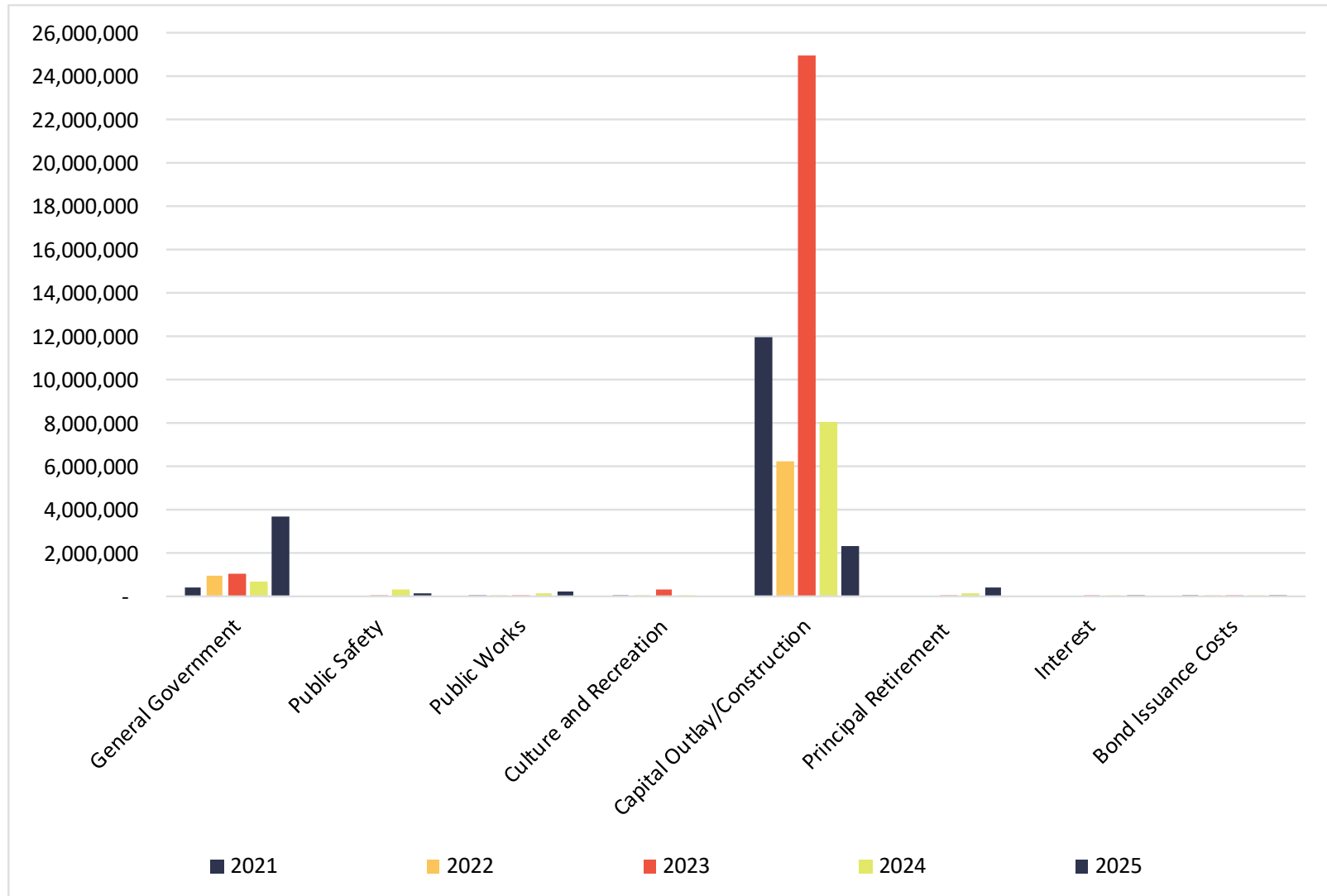
Revenues

Item 1.



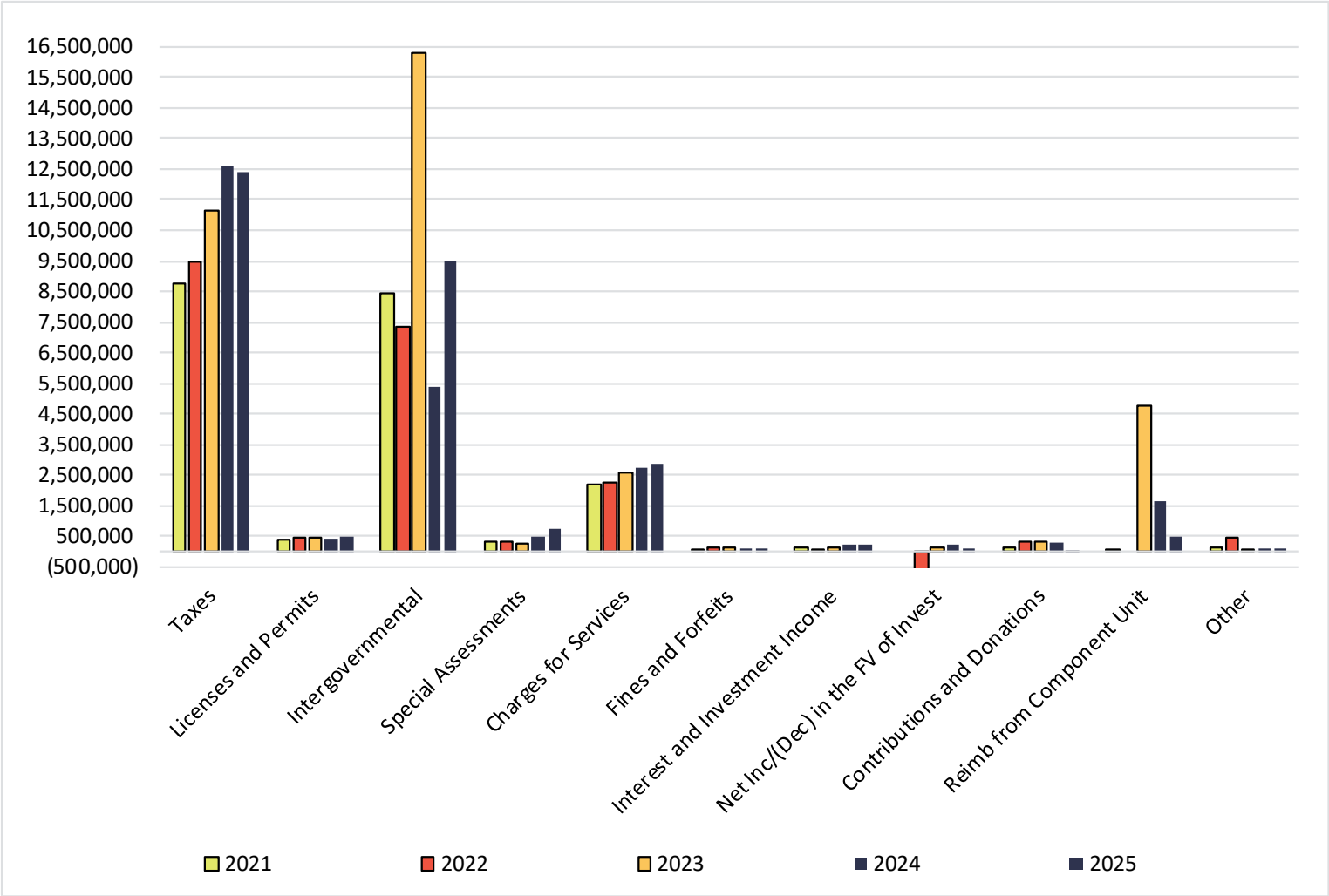
Capital Projects Expenditures

Item 1.



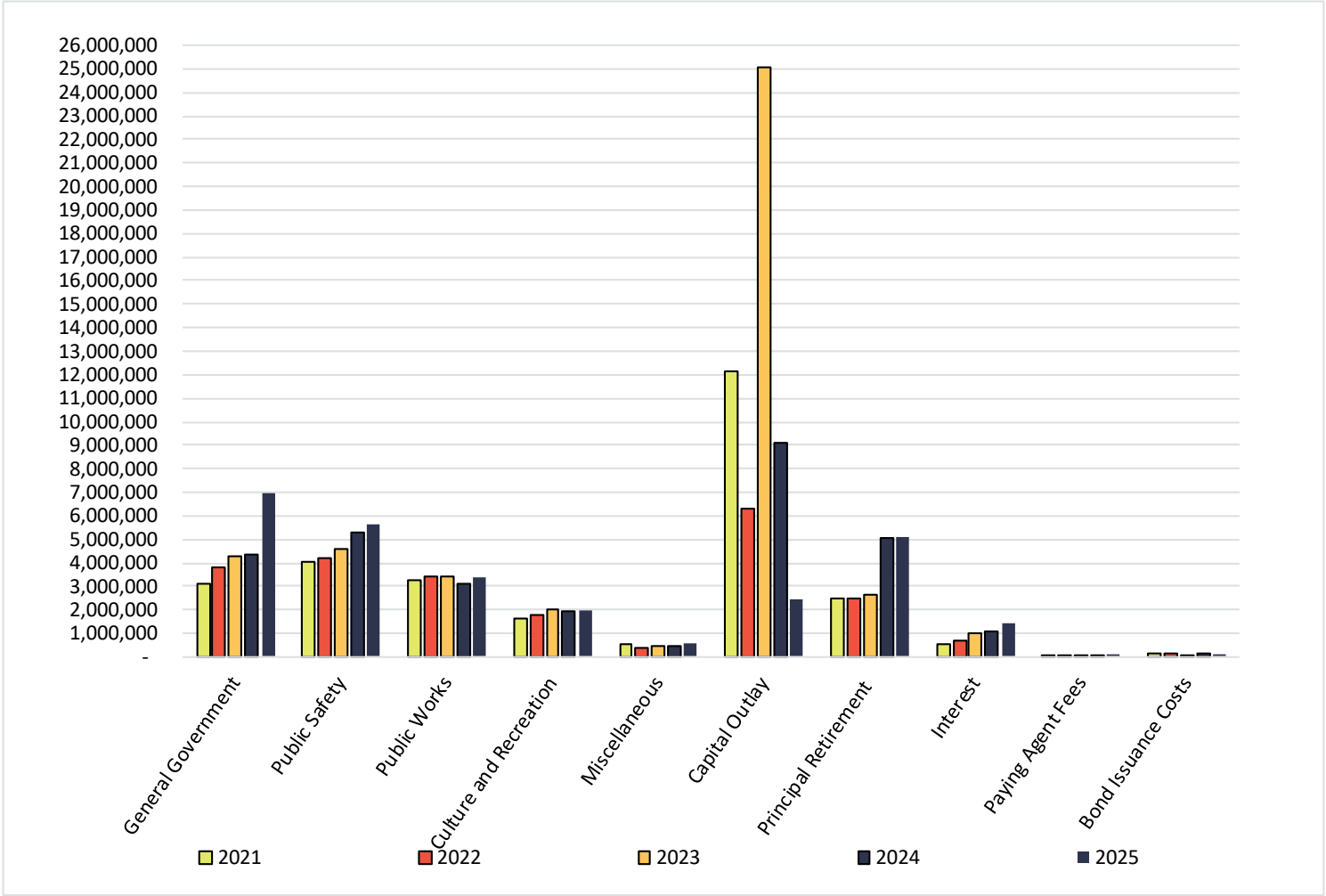
City’s Financial Results (Continued)

All Funds-Total Revenues



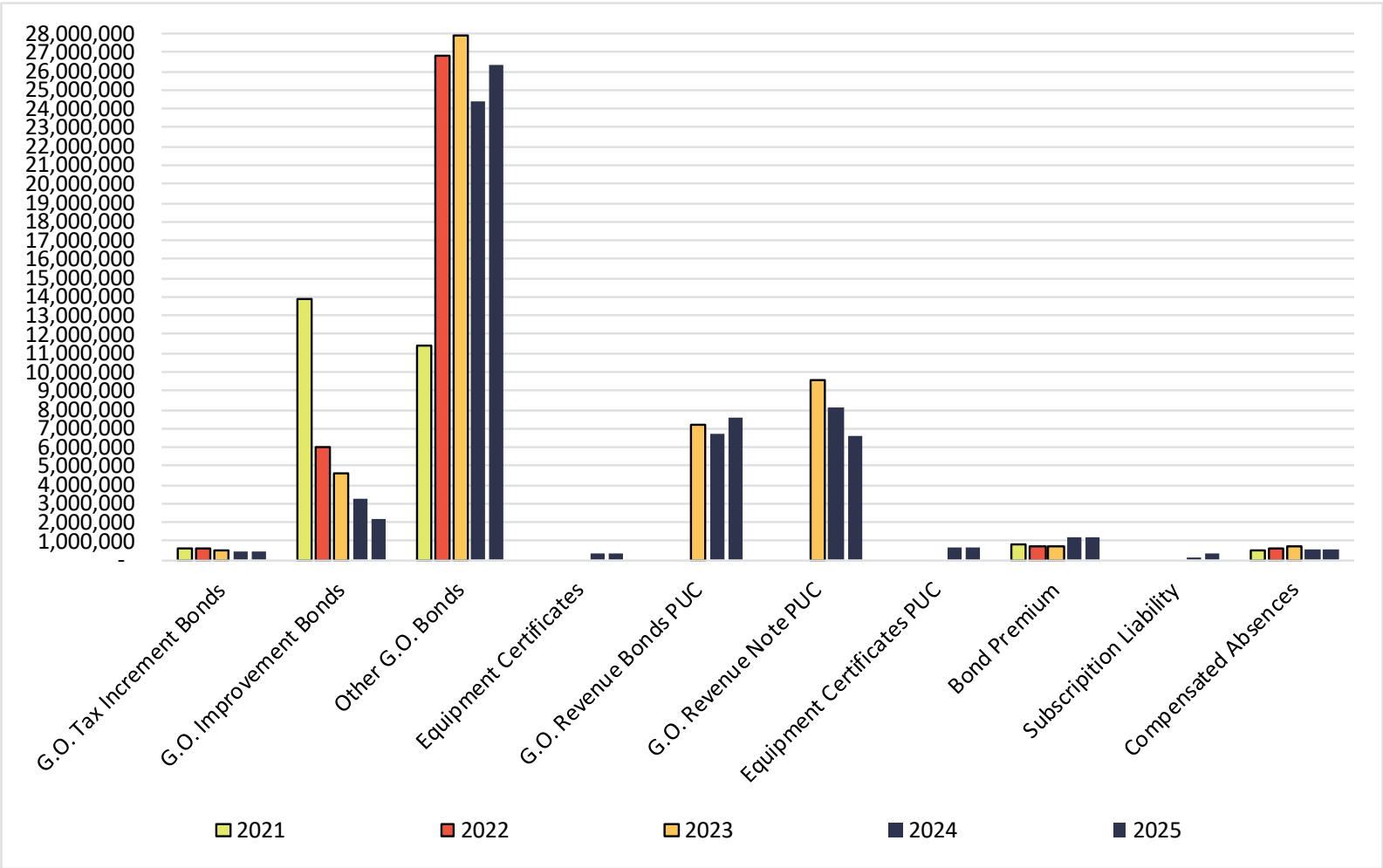
City’s Financial Results (Continued)

All Funds-Total Expenditures



City’s Financial Results (Continued)

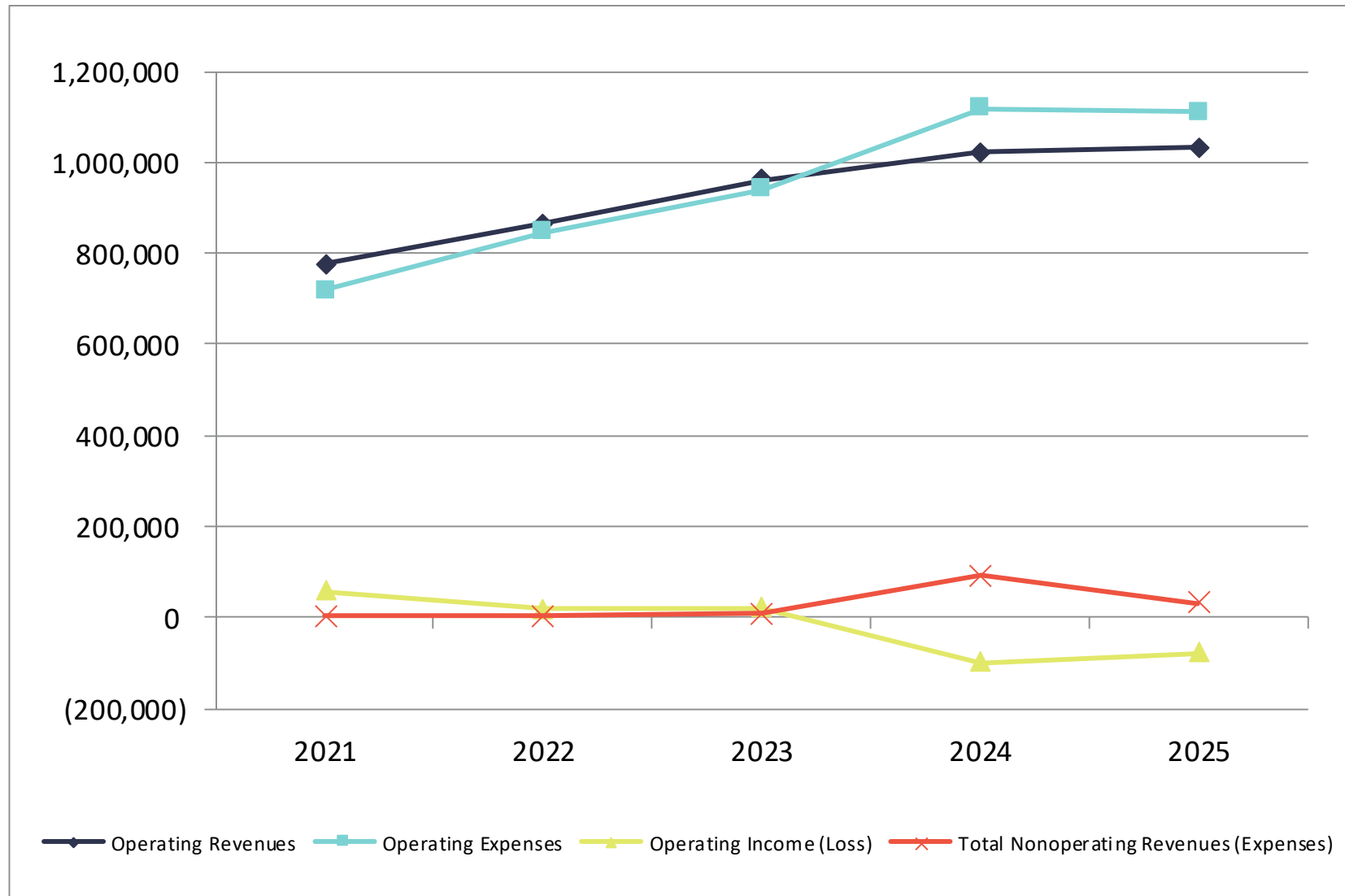
Total City Debt



Enterprise Funds

Pokegama Golf Course

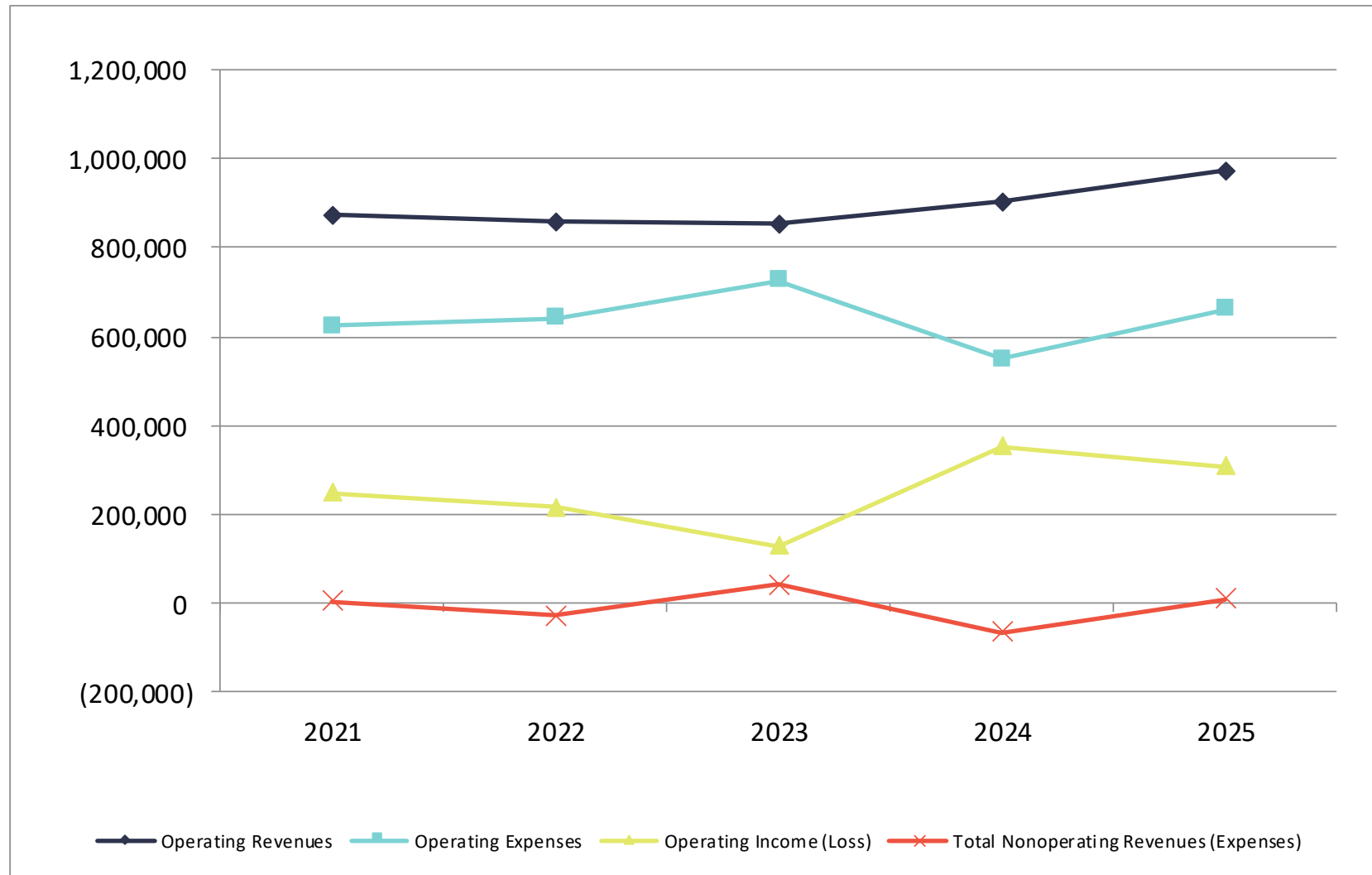
Item 1.



Enterprise Funds

Storm Water Utility

Item 1.



Insights/ Observations

- Overall Audit Results are Positive
 - Staff conscientious and responsible
 - Staff very responsive to audit inquiries/requests
 - State Reporting Form and GFOA Certificate were extended due to the software implementation



Insights/ Observations (Continued)

Item 1.

- Fund Balance Reserves – General Fund
 - Policy is to made up of four categories:
 - Minimal cash flow – to equal 50% of the following General Fund property tax levy 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
 - The calculated targeted general fund unassigned fund balance is \$7.5M and currently the unassigned fund balance in the general fund is \$5.0M



General Fund Budget to Actual

Revenues	Budget	Actual	Difference
Taxes	7,329,061	6,835,575	(493,486)
Licenses and Permits	681,485	507,754	(173,731)
Intergovernmental	2,794,263	3,440,014	645,751
Special Assessments	-	14,952	14,952
Charges for Services	1,351,477	1,470,932	119,455
Fines and Forfeits	69,000	59,212	(9,788)
Interest and Investment Income	36,000	144,641	108,641
Net Inc/(Dec) in the FV of Invest	-	34,109	34,109
Contributions and Donations	10,000	20,224	10,224
Other	27,500	33,354	5,854
Expenditures			
General Government	2,835,797	2,759,423	76,374
Public Safety	5,199,539	5,321,226	(121,687)
Public Works	2,660,172	2,615,606	44,566
Culture and Recreation	352,611	394,157	(41,546)
Miscellaneous	541,795	571,896	(30,101)
Capital Outlay/Construction	-	8,105	(8,105)
OFS			
Sale of Capital Assets	-	19,468	19,468
Insurance Recoveries	-	5,028	5,028
Transfers In	85,000	85,000	-
Transfers Out	(793,872)	(1,005,462)	(211,590)

Insights/ Observations (Continued)

- Yanmar Arena Fund had positive change in fund balance of \$142,000
 - Received \$719,000 in charges for service in 2025
 - Transfer out of \$147,000
 - Fund balance of \$162,000
- Public Library Fund had a positive change in fund balance of \$66,000
 - Fund balance of \$922,000
- Airport Operations Fund had a negative change in fund balance of \$37,000
 - Fund balance of \$459,000
- Cemetery Fund had a negative change in fund balance of \$60,000
 - Fund balance of \$128,000



Insights/ Observations (Continued)

- Municipal Cannabis Store
 - Any item sold has to be clear cut legal, both state and federal, otherwise we are not able to audit the City



Questions and Comments



Thank You for the Opportunity to Serve the City!

Mary Reedy, CPA, CGFM

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