



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

CITY COUNCIL WORKSESSION AGENDA

Monday, April 25, 2022

4:00 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, April 25, 2022 at 4:00 PM in the City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

ROLL CALL:

BUSINESS:

1. Financial Presentation by David J. Mol, Redpath & Company, Ltd.

DEPARTMENT HEAD REPORT:

2. Pokegama Golf Course Department Head Report

REVIEW OF REGULAR AGENDA:

ADJOURN:

Attest: Kimberly Gibeau , City Clerk

CITY OF GRAND RAPIDS, MINNESOTA

AUDIT MANAGEMENT LETTER

December 31, 2021

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To the Honorable Mayor and
Members of the City Council

We have substantially completed the 2021 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 will be completed in May, 2022. 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.

A handwritten signature in black ink, appearing to read "D. J. [unclear]".

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

April 18, 2022

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

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 29 years. Page 6

Key Financial Indicators:

- The City's property tax collection rate in 2021 was 97.34%. The special assessment collection rate was 88.5% for 2021. Page 10
- The fund balance of the City's General Fund increased \$213,000 during 2021. Revenues exceeded budget by \$608,000 and expenditures exceeded budget by \$473,000. 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 thirteen 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

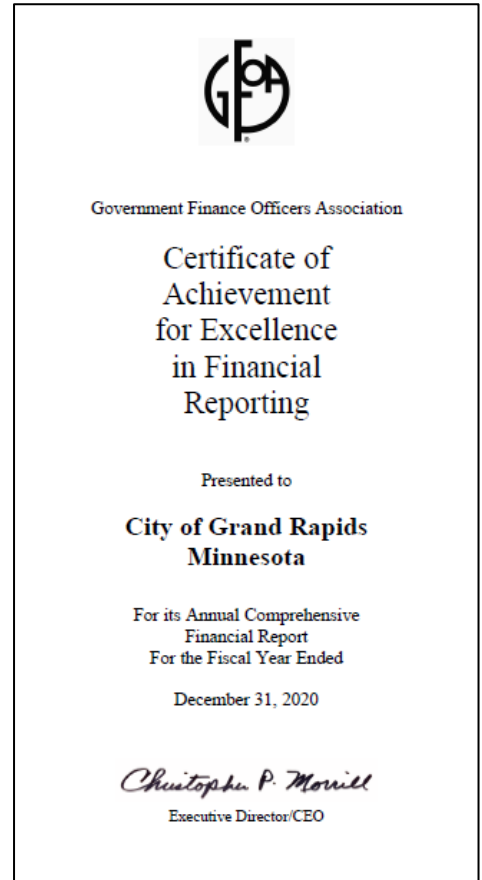
**NATIONAL RECOGNITION FOR
EXCELLENCE IN FINANCIAL REPORTING**

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:

| <u>Fund Type</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Interfund Transfers (Net)</u> | <u>Increase (Decrease) in Fund Balance</u> | <u>Fund Balance 12/31/2021</u> | <u>Cash Balance 12/31/2021</u> |
|------------------------------|---------------------|---------------------|--|--|--|--|
| General Fund | \$10,718,000 | \$9,821,000 | (\$684,000) | \$213,000 | \$7,555,000 | \$4,436,000 |
| Special Revenue Funds | 2,295,000 | 2,317,000 | 191,000 | 169,000 | 1,058,000 | 1,147,000 |
| Debt Service Funds | 2,696,000 | 3,293,000 | 21,000 | (576,000) | 6,077,000 | 6,168,000 |
| Capital Project Funds | 11,641,000 | 12,570,000 | 472,000 | (457,000) | 568,000 | 3,604,000 |
| Enterprise Funds | 1,778,000 | 1,347,000 | - | 431,000 | 3,412,000 | 742,000 |
| Total | <u>\$29,128,000</u> | <u>\$29,348,000</u> | <u>\$ -</u> | <u>(\$220,000)</u> | <u>\$18,670,000</u> | <u>\$16,097,000</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 - 2021 | | | | | | |
|------------------------------------|--|---------------------------|-----------------------------|---------------------------|---|---------------------------------------|
| | Fund | Revenue and Other Sources | Expenditures and Other Uses | Interfund Transfers (Net) | Increase (Decrease) in Fund Balance/ Net Position | Fund Balance/ Net Position 12/31/2021 |
| 1 | General | \$10,718,078 | \$9,821,468 | (\$683,771) | \$212,839 | \$7,554,548 |
| | Special Revenue Funds: | | | | | |
| 2 | Public Library | 896,565 | 856,949 | - | 39,616 | 656,528 |
| 3 | Central School | 57,734 | 112,665 | 50,716 | (4,215) | 72,459 |
| 4 | Airport Operations | 249,900 | 248,103 | 20,000 | 21,797 | 150,623 |
| 5 | IRA Civic Center | 701,003 | 614,736 | - | 86,267 | (47,414) |
| 6 | Haz-Mat | 65,057 | 65,057 | - | - | 1,009 |
| 7 | Police Forfeiture | 15,025 | 13,043 | - | 1,982 | 78,202 |
| 8 | Cemetery | 284,309 | 341,635 | 82,585 | 25,259 | 135,656 |
| 9 | Domestic Animal Control Facility | 25,792 | 64,567 | 37,778 | (997) | 10,507 |
| | Debt Service Funds: | | | | | |
| 12 | Improvement Bonds | 1,444,236 | 1,814,004 | (129,011) | (498,779) | 3,634,410 |
| 13 | Street Reconstruction Bonds of 2013B and 2020A | 293,610 | 370,342 | 150,000 | 73,268 | 1,047,024 |
| 14 | G.O. State-Aid Street Bonds of 2007B and 2012B | 402,918 | 403,821 | - | (903) | 14,921 |
| 15 | Refunding Bonds of 2017B | 268,598 | 474,100 | - | (205,502) | 659,672 |
| 16 | Tax Increment 1-6 Old Hospital Housing | 57,182 | 53,369 | - | 3,813 | 93,730 |
| 17 | Tax Increment 1-6 Old Hospital Housing Paygo | 31,450 | 28,742 | - | 2,708 | 18,936 |
| 18 | Tax Increment 1-4 Oakwood Terrace | 33,101 | 184 | - | 32,917 | 503,809 |
| 19 | Tax Increment 1-7 Block 37 Redevelopment | 17,419 | 15,807 | - | 1,612 | 18,531 |
| 20 | Tax Increment 1-8 Lakewood Heights | 35,682 | 32,165 | - | 3,517 | 28,258 |
| 21 | Tax Increment 1-10 River Hills | 62,651 | 56,477 | - | 6,174 | 27,165 |
| 22 | Tax Increment 1-11 Sawmill Inn Redevelopment | 4,887 | 92 | - | 4,795 | 4,795 |
| 23 | Tax Abatement - 1st Ave Condo | 44,299 | 44,049 | - | 250 | 25,645 |
| | Capital Project Funds: | | | | | |
| 24 | General Capital Improvement Projects | 410,810 | 399,826 | 159,686 | 170,670 | 280,136 |
| 25 | Municipal State Aid | 71,961 | 1,282 | - | 70,679 | 446,729 |
| 26 | GR/Cohasset Industrial park | - | 129,591 | - | (129,591) | (129,591) |
| 27 | Park Acquisition and Development | 24,247 | 7,464 | - | 16,783 | 94,653 |
| 28 | Arts and Culture Capital Project | 349 | - | 4,167 | 4,516 | 71,771 |
| 29 | Capital Equipment Replacement | 255,242 | 436,326 | 198,037 | 16,953 | (556,342) |
| 30 | Infrastructure Bonds | 7,189,906 | 6,817,103 | (222,505) | 150,298 | 953,581 |
| 31 | Airport Capital Fund | 3,636,309 | 3,669,938 | - | (33,629) | 102,160 |
| 32 | 7th Avenue Bridge Rehabilitation | - | - | - | - | - |
| 33 | IRA Civic Center Project | 28,123 | - | - | 28,123 | (24,824) |
| 34 | Civic Center Capital Improvements | - | 1,081,716 | - | (1,081,716) | (1,263,858) |
| 35 | Permanent Improvement Revolving | 24,532 | 26,981 | 332,318 | 329,869 | 593,930 |
| | Enterprise Funds: | | | | | |
| 36 | Golf Course | 899,420 | 722,348 | - | 177,072 | 2,668,633 |
| 37 | Storm Water | 878,825 | 624,495 | - | 254,330 | 743,376 |
| | Total | \$29,129,220 | \$29,348,445 | \$0 | (\$219,225) | \$18,669,368 |

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:

| | 2018 | 2019 | 2020 | 2021 |
|---|--------------------|--------------------|--------------------|--------------------|
| Property tax levy | <u>\$7,408,178</u> | <u>\$7,689,023</u> | <u>\$7,793,670</u> | <u>\$8,079,328</u> |
| Receipts: | | | | |
| Current year levy | 7,249,845 | 7,545,606 | 7,735,738 | 7,864,173 |
| Delinquent (prior years levies) | <u>33,345</u> | <u>54,274</u> | <u>32,894</u> | <u>99,195</u> |
| Total receipts | <u>7,283,190</u> | <u>7,599,880</u> | <u>7,768,632</u> | <u>7,963,368</u> |
| Collection rates: | | | | |
| Collections of current year levy as a percent of levy | <u>97.86%</u> | <u>98.13%</u> | <u>99.26%</u> | <u>97.34%</u> |
| Total receipts as percent of current year levy | <u>98.31%</u> | <u>98.84%</u> | <u>99.68%</u> | <u>98.56%</u> |

City of Grand Rapids, Minnesota

Audit Management Letter

Special Assessments

Special Assessments

Special assessment collections have been as follows:

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|------------------|------------------|------------------|------------------|
| Current portion due | <u>\$453,813</u> | <u>\$414,361</u> | <u>\$370,472</u> | <u>\$306,057</u> |
| Receipts: | | | | |
| Current | 447,143 | 404,464 | 336,097 | 270,910 |
| Delinquent | <u>5,347</u> | <u>14,160</u> | <u>5,476</u> | <u>10,980</u> |
| Total receipts | <u>452,490</u> | <u>418,624</u> | <u>341,573</u> | <u>281,890</u> |
| Collection rates: | | | | |
| Collection of amounts due | <u>98.5%</u> | <u>97.6%</u> | <u>90.7%</u> | <u>88.5%</u> |
| Total collections as a percent of amount due | <u>99.7%</u> | <u>101.0%</u> | <u>92.2%</u> | <u>92.1%</u> |

The reduction in collection rate for 2021 relates to an assessment in the General Fund for blight. The City collected 27% of the General Fund assessment levied for collection in 2021. 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 ⁽¹⁾ | | Total Revenue | |
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| 2012 | \$3,666,921 | 46% | \$1,220,693 | 16% | \$2,838,309 | 38% | \$7,725,923 | 100% |
| 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% |

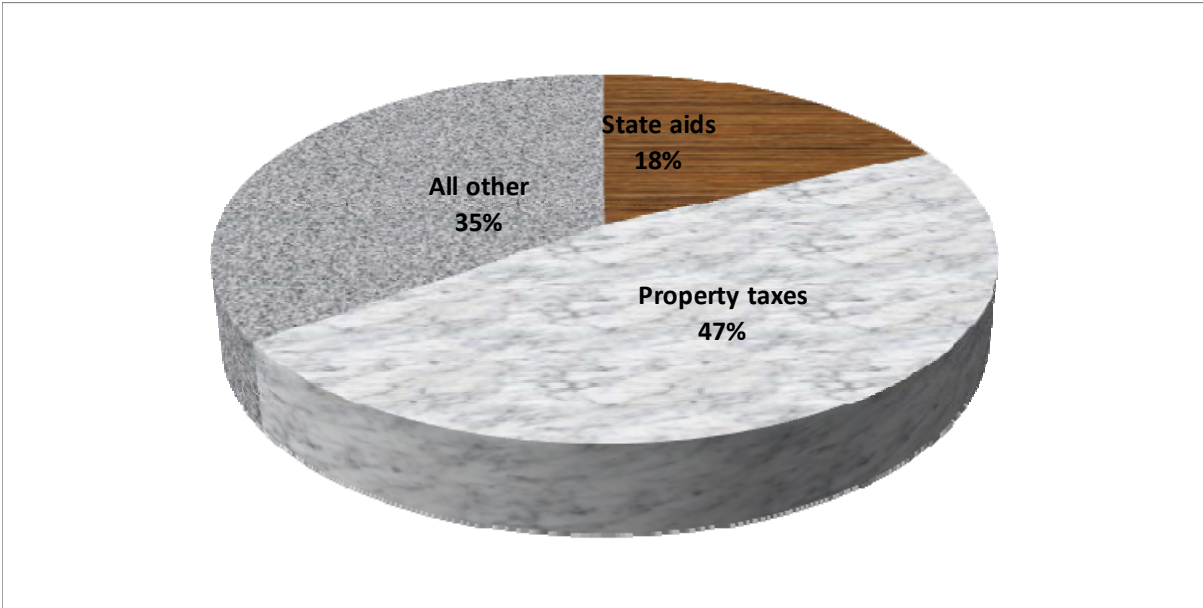
⁽¹⁾"All other revenue" includes the PUC payment in lieu of tax.

City of Grand Rapids, Minnesota

Audit Management Letter

General Fund

A chart of 2021 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 \$213,000 in 2021 as follows:

| | Final Budget | Actual | Favorable (Unfavorable) Variance |
|------------------------------------|-----------------|--------------|--|
| Revenues | \$10,057,000 | \$10,665,000 | \$608,000 |
| Expenditures | 9,349,000 | 9,821,000 | (472,000) |
| Revenues over (under) expenditures | 708,000 | 844,000 | 136,000 |
| Other sources (uses): | | | |
| Sale of capital assets | - | 11,000 | 11,000 |
| Insurance recoveries | - | 42,000 | 42,000 |
| Transfers in | 0 | 93,000 | 93,000 |
| Transfers out | (708,000) | (777,000) | (69,000) |
| Total other sources (uses) | (708,000) | (631,000) | 77,000 |
| Net change in fund balance | \$0 | \$213,000 | \$213,000 |

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 \$428,000. The City received \$230,000 of IRRRB grant proceeds and \$172,000 in FEMA funding due to the July storm.

Licenses and permits – had a favorable variance of \$84,000. For 2021, building activity included two large permits for a new bank and a hotel.

City of Grand Rapids, Minnesota

Audit Management Letter

General Fund

Expenditures:

City-wide – had an unfavorable budget variance of 263,000. The city made a \$230,000 payment to the PUC for an IRRRB grant for the solar garden infostructure.

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

| General Fund Balance | | |
|-----------------------------|-----------------------------|--|
| <u>Year</u> | <u>Amount⁽¹⁾</u> | <u>Increase (Decrease)⁽¹⁾</u> |
| 2012 | \$5,516,000 | \$495,000 |
| 2013 | 5,497,000 | (19,000) |
| 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 |

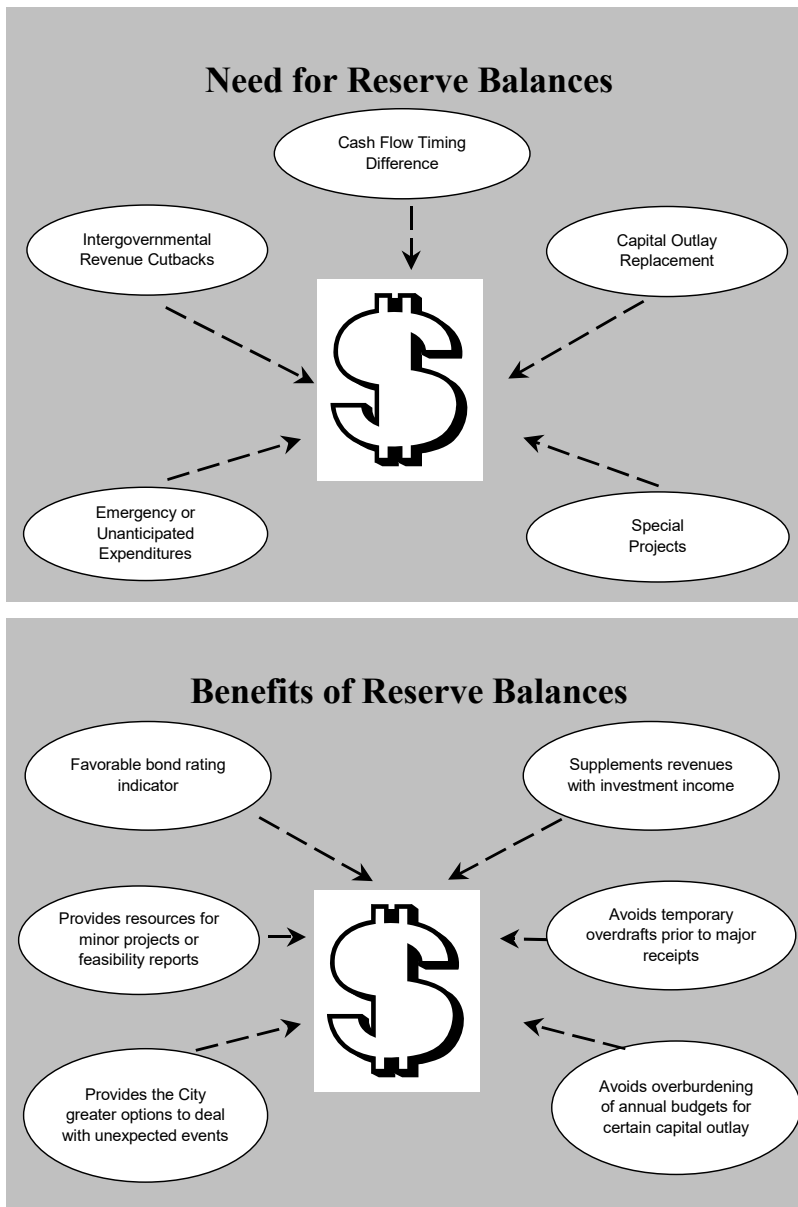
⁽¹⁾Rounded to nearest thousand

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, 2021, the unassigned fund balance of the General Fund available for reserves was \$4,812,207, compared to its targeted balance of \$6,240,669. 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, 2021, the fund balance of the General Fund was as follows:

| Fund Balance Constraint | 2021 | | Balance 12/31/2021 | Targeted Balance | Difference |
|---|---------------------|------------------------|-----------------------|---------------------|----------------------|
| | Balance 12/31/20 | Increase (Decrease) | | | |
| 1 Nonspendable: | | | | | |
| 2 Interfund loan | \$1,320,035 | \$159,935 | \$1,479,970 | \$1,479,970 | \$ - |
| 3 Prepaid items | 151,041 | 21,982 | 173,023 | 173,023 | - |
| 4 Restricted: | | | | | |
| 5 Cash - Superior USA | 15,755 | 357 | 16,112 | 16,112 | - |
| 6 Donor restrictions | 20,195 | 3,209 | 23,404 | 23,404 | - |
| 7 Committed: | | | | | |
| 8 Revenue stabilization | 925,572 | 124,260 | 1,049,832 | 1,049,832 | - |
| 9 Unassigned (Available for Reserves): | | | | | |
| 10 Cash flow | 3,903,332 | 51,095 | 3,954,427 | 3,954,427 | - |
| 11 Compensated absences | 473,923 | 9,884 | 483,807 | 483,807 | - |
| 12 Emergency / unanticipated | 531,856 | (157,883) | 373,973 | 1,104,966 | (730,993) |
| 13 Economic development | - | - | - | 697,469 | (697,469) |
| 14 Unassigned | - | - | - | - | - |
| 15 Total | <u>\$7,341,709</u> | <u>\$212,839</u> | <u>\$7,554,548</u> | <u>\$8,983,010</u> | <u>(\$1,428,462)</u> |

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 2021:

| Fund | Revenue | Expenditures | Interfund Transfers | Change in Fund Balance | Fund Balance 12/31/2021 | Comments |
|----------------------------------|-------------|--------------|---------------------|------------------------|-------------------------|---|
| Public Library | \$896,565 | \$856,949 | \$ - | \$39,616 | \$656,528 | This fund had a balanced budget for 2021. Revenues exceeded budget by \$15,000. Expenditures were less than budget by \$25,000. |
| Central School | 57,734 | 112,665 | 50,716 | (4,215) | 72,459 | This fund had a balanced budget for 2021. Revenues were less than budget by \$21,000. Expenditures were less than budget by \$4,000. Receives transfer from General Fund, for 2021 the transfer was \$5,000 more than budgeted. |
| Airport Operations | 249,900 | 248,103 | 20,000 | 21,797 | 150,623 | This fund had a balanced budget for 2021. Revenue exceeded budget by \$32,000. Expenditures exceed budget by \$16,000. |
| IRA Civic Center | 701,003 | 614,736 | - | 86,267 | (47,414) | The City budgeted an increase in fund balance of \$72,000. Revenues were less than budget by \$15,000 and expenditures were more than budget by \$14,000. |
| Haz-Mat | 65,057 | 65,057 | - | - | 1,009 | Balanced budget for 2021. |
| Police Forfeiture | 15,025 | 13,043 | - | 1,982 | 78,202 | The city budgeted a decrease in fund balance of \$17,000. However, revenues exceeded budget by \$6,000 and expenditures were less than budget by \$12,000. |
| Cemetery | 284,309 | 341,635 | 82,585 | 25,259 | 135,656 | Balanced budget for 2021. Revenues exceeded budget by \$34,000 |
| Domestic Animal Control Facility | 25,792 | 64,567 | 37,778 | (997) | 10,507 | Balanced budget for 2021. Receives budgeted transfer from General Fund. |
| Totals | \$2,295,385 | \$2,316,755 | \$191,079 | \$169,709 | \$1,057,570 | |

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, 2021 is as follows:

| Fund Balance Constraint | December 31, 2021 | | |
|--------------------------------------|-------------------|----------------|------------|
| | Targeted Balance | Actual Balance | Difference |
| Nonspendable: | | | |
| Prepaid items | \$12,304 | \$12,304 | \$ - |
| Committed: | | | |
| Cash flow | 443,666 | 443,666 | - |
| Compensated absences | 46,367 | 46,367 | - |
| Emergency/unanticipated expenditures | 64,625 | 64,625 | - |
| Major equipment replacement | 73,857 | 89,566 | (15,709) |
| Total committed | 628,515 | 644,224 | (15,709) |
| Total fund balance | \$640,819 | \$656,528 | (\$15,709) |

As shown above, the actual fund balance is \$15,709 greater than the targeted fund balance at December 31, 2021.

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>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022 Budget</u> |
|--------------------------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Revenue | \$721,359 | \$741,158 | \$558,291 | \$659,759 | \$640,000 |
| Expenditures: | | | | | |
| Operating | 728,528 | 752,645 | 515,776 | 614,736 | 542,677 |
| Capital outlay | - | - | - | - | - |
| Revenues over (under) expenditures | (7,169) | (11,487) | 42,515 | 45,023 | 97,323 |
| Other sources: | | | | | |
| Insurance recoveries | 5,493 | - | - | 41,244 | - |
| Sale of capital assets | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - |
| Net change in fund balance | (1,676) | (11,487) | 42,515 | 86,267 | 97,323 |
| Fund balance (deficit) - January 1 | <u>(163,033)</u> | <u>(164,709)</u> | <u>(176,196)</u> | <u>(133,681)</u> | <u>(47,414)</u> |
| Fund balance (deficit) - December 31 | <u>(\$164,709)</u> | <u>(\$176,196)</u> | <u>(\$133,681)</u> | <u>(\$47,414)</u> | <u>\$49,909</u> |

The Fund deficit of (\$47,414) at December 31, 2021 is partially financed by an interfund loan of \$52,074 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.

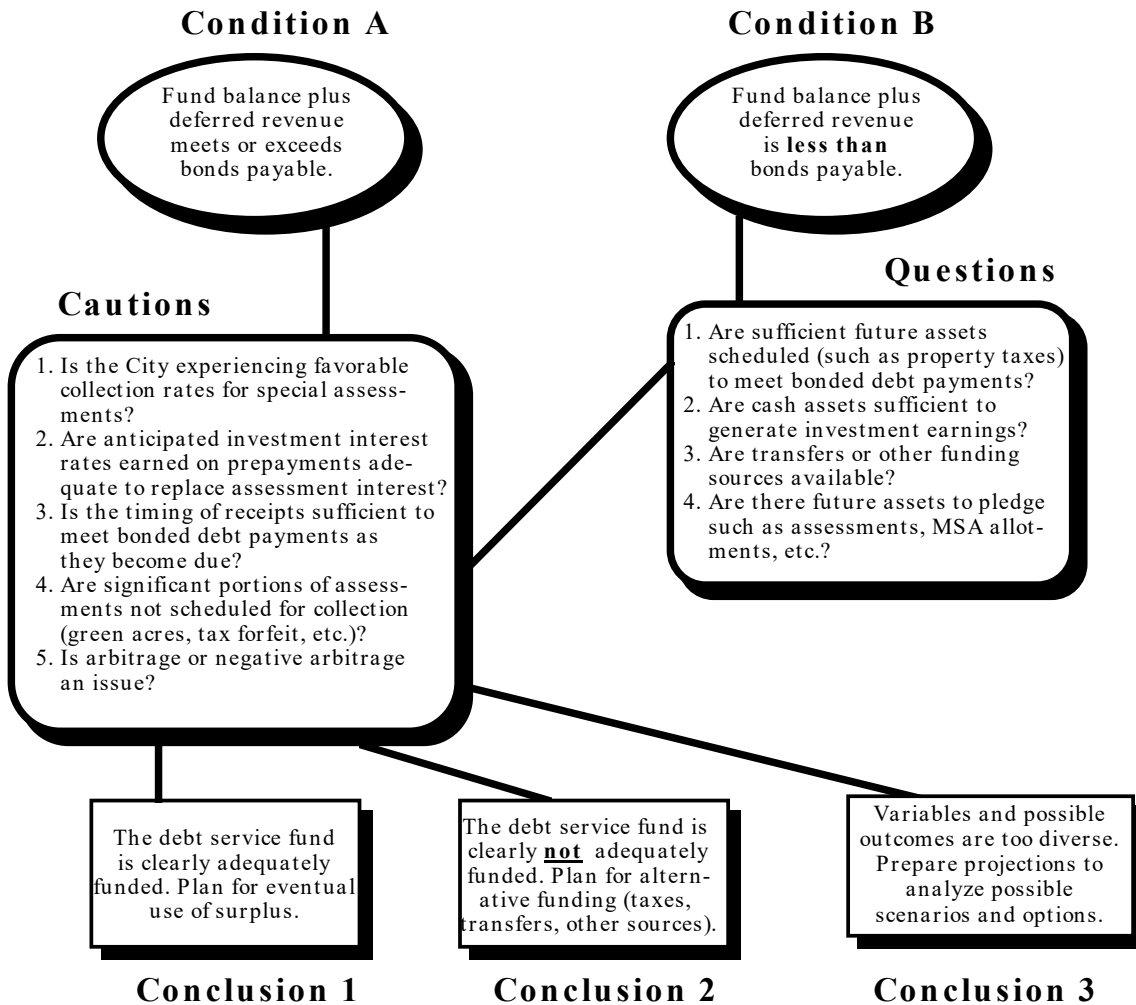
| Fund Description | 12/31/2021 | | | Outstanding Debt | Scheduled Ad-valorem Property Taxes | Final Maturity Date |
|---|------------------|------------------|------------------|-------------------|-------------------------------------|---------------------|
| | Fund Balance | Deferred Revenue | Total | | | |
| Special Assessment Debt: | | | | | | |
| 1 Improvement Bonds of 2007B ⁽²⁾ | 12,382 | - | 12,382 | 75,000 | - | 4/1/2022 |
| 2 Improvement Bonds of 2009C ⁽¹⁾ | 640,377 | 139,746 | 780,123 | 1,405,000 | 910,429 | 2/1/2025 |
| 3 Improvement Bonds of 2010A | 133,365 | 23,012 | 156,377 | 310,000 | 222,543 | 2/1/2026 |
| 4 Improvement Bonds of 2011B | 268,796 | 106,191 | 374,987 | 440,000 | 285,902 | 2/1/2027 |
| 5 Improvement Bonds of 2012A | 702,192 | 139,164 | 841,356 | 1,110,000 | 759,727 | 2/1/2028 |
| 6 Improvement Bonds of 2012B ⁽²⁾ | 2,539 | - | 2,539 | 1,785,000 | - | 10/1/2027 |
| 7 Improvement Bonds of 2013B | 869,516 | 165,429 | 1,034,945 | 2,360,000 | 756,830 | 2/1/2029 |
| 8 Improvement Bonds of 2014A | 364,315 | 67,276 | 431,591 | 1,630,000 | 1,525,650 | 2/1/2030 |
| 9 Improvement Bonds of 2016A | 315,163 | 123,572 | 438,735 | 1,660,000 | 1,509,577 | 2/1/3032 |
| 10 Improvement Bonds of 2021B | 82,586 | 15,558 | 98,144 | 6,255,000 | 8,123,170 | 2/1/2042 |
| 11 Refunding Bonds of 2017B | 659,672 | 187,845 | 847,517 | 895,000 | 255,255 | 2/1/2034 |
| 12 Street Reconstruction Bonds of 2017A | 406,723 | 135,813 | 542,536 | 1,795,000 | 1,860,358 | 2/1/2033 |
| 13 Street Reconstruction Bonds of 2018A | 341,972 | 127,336 | 469,308 | 1,755,000 | 1,704,176 | 2/1/2034 |
| 14 G. O. Abatement Bonds of 2019A | 378,921 | 770,513 | 1,149,434 | 1,515,000 | 1,748,198 | 2/1/2035 |
| 15 Street Reconstruction Bonds of 2020A | 177,508 | 140,498 | 318,006 | 2,275,000 | 2,319,914 | 2/1/2036 |
| 16 Supplemental levy ⁽³⁾ | - | - | - | - | (660,000) | |
| 17 Total special assessment debt | <u>5,356,027</u> | <u>2,141,953</u> | <u>7,497,980</u> | <u>25,265,000</u> | <u>21,321,729</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 1-13 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, 2021 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, 2021.

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 \$220,933 at December 31, 2021.

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 \$225,389 at December 31, 2021. 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 \$241,731 at December 31, 2021.

A Summary of the 2021 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 12/31/2021 | PAYGO Balance 12/31/2021 |
|--|---------------------------|-----------------------------|-------------------------------------|-------------------------|--------------------------|
| Tax Increment 1-6 Old Hospital Housing | 57,000 | 53,000 | 4,000 | 94,000 | - |
| Tax Increment 1-6 Old Hospital Housing Paygo | 31,000 | 29,000 | 2,000 | 19,000 | 307,500 |
| Tax Increment 1-4 Oakwood Terrace | 33,000 | - | 33,000 | 504,000 | - |
| Tax Increment 1-7 Block 37 Redevelopment | 17,000 | 16,000 | 1,000 | 19,000 | 389,000 |
| Tax Increment 1-8 Lakewood Heights | 36,000 | 32,000 | 4,000 | 28,000 | 221,000 |
| Tax Increment 1-10 River Hills | 63,000 | 56,000 | - | 6,000 | 467,000 |
| Tax Increment 1-11 Sawmill Inn Redevelopment | 5,000 | - | - | 5,000 | - |
| Total | 242,000 | 186,000 | 44,000 | 675,000 | 1,384,500 |

City of Grand Rapids, Minnesota

Audit Management Letter

Capital Project Funds

CAPITAL PROJECT FUNDS

The financial activity of the Capital Project Funds for 2021 was as follows:

| Fund | Revenue | Expenditures | Bonds Issued | Interfund Transfers | Change in Fund Balance | Fund Balance 12/31/2021 | Comments |
|--------------------------------------|--------------------|---------------------|--------------------|---------------------|------------------------|-------------------------|--|
| General Capital Improvement Projects | \$410,810 | \$399,826 | \$ - | \$159,686 | \$170,670 | \$280,136 | 2021 expenditures include Hwy 2 lighting project, and the ICC Student Center project (\$340,000) and North Homes expansion |
| Municipal State Aid | 71,961 | 1,282 | - | - | 70,679 | 446,729 | |
| GR/Cohasset Industrial park | - | 129,591 | - | - | (129,591) | (129,591) | |
| Park Acquisition and Development | 24,247 | 7,464 | - | - | 16,783 | 94,653 | |
| Arts and Culture Capital Project | 349 | - | - | 4,167 | 4,516 | 71,771 | |
| Capital Equipment Replacement | 255,242 | 436,326 | - | 198,037 | 16,953 | (556,342) | 2021 expenditures include an ASV track loader (\$74,000), Mower (\$57,000), Ram dump truck (\$72,000) two ford explorers (\$101,000) and Jeep Grand Cherokee (\$38,000). |
| Airport Capital Fund | 3,636,309 | 3,669,938 | - | - | (33,629) | 102,160 | 2021 expenditures include preliminary costs for runway 16/34 reconstruction (\$3,653,000) |
| IRA Civic Center Projects | 28,123 | - | - | - | 28,123 | (24,824) | |
| Civic Center Capital Improvements | - | 1,081,716 | - | - | (1,081,716) | (1,263,858) | This fund accounts for the Civic Center renovation |
| Permanent Improvement Revolving | 24,532 | 26,981 | - | 332,318 | 329,869 | 593,930 | |
| 2019 Infrastructure - Bonded | - | 1,960 | - | (135,913) | (137,873) | - | This fund accounted for the Golf Course Road utility extension and Cohasset Trail projects |
| 2020 Infrastructure - Bonded | 10,974 | 150,332 | - | - | (139,358) | 104,334 | 2021 expenditures were for the 2020 street improvement project |
| 2021 Infrastructure - Bonded | 466,044 | 6,577,227 | 6,625,304 | (86,592) | 427,529 | 849,247 | 2021 expenditures were for the new Fire Hall (\$4,415,000) and HWY 2 West Trail (\$1,342,000) |
| 2022 Infrastructure - Bonded | 87,584 | 87,584 | - | - | - | - | 2021 expenditures were funded by the federal ARPA monies |
| Totals | \$5,016,175 | \$12,570,227 | \$6,625,304 | \$471,703 | (\$457,045) | \$568,345 | |

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:

| | 2018 | 2019 | 2020 | 2021 |
|------------------------------|-------------------|-------------------|-----------------|------------------|
| Operating revenue | \$582,728 | \$589,751 | \$651,736 | \$776,841 |
| Operating expenses | 621,106 | 624,109 | 635,929 | 718,957 |
| Operating income (loss) | (38,378) | (34,358) | 15,807 | 57,884 |
| Other income (expense) - net | 27,295 | 5,190 | (735) | 119,188 |
| Transfers in | - | - | - | - |
| Transfers out | (3,500) | (3,500) | - | - |
| Change in net assets | <u>(\$14,583)</u> | <u>(\$32,668)</u> | <u>\$15,072</u> | <u>\$177,072</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.

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|------------------------------|------------------|-------------------|-----------------|------------------|
| Operating revenue | \$699,897 | \$694,278 | \$743,663 | \$873,563 |
| Operating expenses | <u>747,613</u> | <u>740,480</u> | <u>663,576</u> | <u>624,495</u> |
| Operating income | (47,716) | (46,202) | 80,087 | 249,068 |
| Other income (expense) - net | 7,526 | 3,236 | 4,123 | 5,262 |
| Transfers in (out) | <u>33,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | <u>(\$7,190)</u> | <u>(\$42,966)</u> | <u>\$84,210</u> | <u>\$254,330</u> |

For 2018, revenue increased as a result a change in rates and storm water credits.

There was no change in rates from 2018 to 2019. Rates increased 13% and 6.25% for 2020 and 2021 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 12/31/2021 |
|-----------------|-----------|--------------|------------------------|-------------------------|
| General | \$30,095 | \$14,879 | \$15,216 | \$18,096 |
| Capital Project | 707,772 | 759,160 | (51,388) | 821,105 |
| Total | \$737,867 | \$774,039 | (\$36,172) | \$839,201 |
| | | | | |

Capital Project expenditures for 2021 include the following:

| | |
|-----------------------------|------------------|
| Great River Acres | \$28,371 |
| DEED - Owner Occupied Rehab | 163,590 |
| Block 5 | 134,927 |
| Hangar | 31,427 |
| Loans issued | 120,000 |
| Airport South Ind. Park | 25,627 |
| Loan repayments | 210,490 |
| All other | 44,728 |
| | <hr/> |
| Total | <u>\$759,160</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 12/31/20 | Additions | Deletions | Balance 12/31/21 |
|--------------------|---------------------------------------|---------------------|------------------|------------------|---------------------|
| Blandin Foundation | Block 20 & 21 soil remediation | \$100,000 | \$ - | \$ - | \$100,000 |
| Blandin Foundation | Airport industrial park | 262,500 | - | 17,500 | 245,000 |
| Blandin Foundation | Commercial building improvement loans | 101,540 | - | 27,910 | 73,630 |
| Blandin Foundation | VFW/Rose Bldgs | - | 140,000 | - | 140,000 |
| I RRRB | Airport Hangar | 284,578 | - | 16,487 | 268,091 |
| IEDC | Airport Hangar | 55,037 | - | 8,952 | 46,085 |
| Blandin Foundation | EWCL | 550,000 | - | 123,838 | 426,162 |
| Blandin Foundation | EWCL | 100,000 | - | 15,803 | 84,197 |
| | Total | <u>\$1,453,655</u> | <u>\$140,000</u> | <u>\$210,490</u> | <u>\$1,383,165</u> |

The EDA also has inventory of Land Held for resale in the amount of \$3,401,507. 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 |
| Manufacturing Hangar | 580,000 |
| Great River Acres | 657,883 |
| 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>\$3,401,507</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 |
|--|---------------------------------|
| Statement No. 87 <i>Leases.</i> | 2022 |
| Statement No. 91 <i>Conduit Debt Obligation</i> | 2022 |
| Statement No. 92 <i>Omnibus 2020</i> | 2022 |
| Statement No. 93 <i>Replacement of Interbank Offered Rates</i> | 2022 |
| Statement No. 94 <i>Public-Private and Private-Private Partnerships and Availability Payment Arrangements</i> | 2023 |
| Statement No. 96 <i>Subscription-Based Information Technology Arrangements</i> | 2023 |

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, 2021. 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 August 11, 2020. 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. No new accounting standards were required to be implemented by the City of Grand Rapids in 2021.

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 were management's estimation of the factors relating to the Actuarial Accrued Liability related to OPEB, and the net pension liability and the pension related deferred inflows and outflows. We evaluated the key factors and assumptions used to develop these 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 8 – 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.

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. There were no corrected misstatements identified during the audit.

City of Grand Rapids, Minnesota

Audit Management Letter

*Communication With Those Charged With Governance***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.

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.

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 and is not intended to be, and should not be, used by anyone other than these specified parties.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF GRAND RAPIDS, MINNESOTA

For The Year Ended
December 31, 2021

OPEN ITEMS:

1. PUC
2. Fire Relief

Prepared by:

Finance Department

Barbara Baird
Finance Director

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DRAFT 04/18/2022

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I. INTRODUCTORY SECTION

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June XX, 2022

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

The Annual Financial Report (AFR) for the City of Grand Rapids for the fiscal year ended December 31, 2021, 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, 2021, 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, 2021, 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 11,126. 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 100 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 144 to 151.

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.

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. With the City of Grand Rapids showing continued growth in population, it is apparent that the City's efforts in diversifying our economic base have lessened the impact of Blandin's declined employment in the community.

In addition, and also notable in the forest product sector of the economy, the City has been working closely with a new owner of the former Ainsworth oriented strand board manufacturing plant, a 400,000 sf facility that permanently shuttered in 2008. The new owner of the site is proposing a multi-tenant industrial facility redevelopment project that would be anchored by the development of an expanded, modern, data driven 270,000 square foot warehouse/distribution center for L&M Fleet Supply. Since opening of their first store in 1959, L&M Fleet Supply has been

headquartered in Grand Rapids. During their first 50 years, L&M expanded their store locations to seven Minnesota communities, and since then have added three stores in Wisconsin and two in Upper Michigan. Presently, L&M employs 245 in the Grand Rapids area, including 62 administrative/professional, 81 in distribution and 102 in retail. With this relocation and expansion of the L&M Distribution Center, 30-45 new positions will be added in the next three years.

Grand Rapids is also home to ASV Holdings, Inc. ASV currently employs approximately 224 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders together with a parts distribution center. 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.

Currently the City is working with ASV, the Minnesota Department of IRRR and MN DEED to facilitate a proposed expansion of ASV/Yanmar. The proposed project involves a significant expansion of the Grand Rapids production facility with the addition of a 60,000 square feet high-bay warehouse, 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.

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 a multi-tenant retail store anchored by a Starbucks on another of the newly created commercial sites in this redevelopment began in the fall of 2020.

A permit application has been submitted for a 64-unit My Place extended on the former K-Mart. This project will commence in the spring of 2022 and will be open in spring of 2023.

After two consecutive years of record setting building permit activity in 2019 and 2020, 2021 building permit activity was nearer to the 20-year annual average of \$25.5M, with permits for projects reaching a total value of \$28.7M. Commercial projects accounted for \$13.9M of the total, near the 17-year average of \$14.4M of annual permitted commercial construction. In terms of the number of permits issued, the 2021 total of 526 permits was below the 10 year average of 550. We expect 2022 to be another high year for permitted construction. Currently \$55M of construction has been permitted with one of those projects being a large addition to the Itasca County Courthouse.

In 2021 the construction of a new \$3.7M student center at Itasca Community College and the North Homes \$2.4M development of a new 52-bed psychiatric residential rehabilitation facility were completed. The Pillars of Grand Rapids, a 110-unit \$18M senior housing project, Unique Opportunities \$3M, 48-unit apartment building and Aurora Heights a \$10.2M 56-unit affordable housing project were completed and were greeted with significant interest. As an example, the 48-unit apartment was fully leased 8 weeks prior to opening.

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 expenditures 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 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement 54 and adopted a new Fund Balance Policy. The City Council passed a resolution committing funds for revenue stabilization that allows the City to use unreserved fund balance to offset revenue decreases during an economic recession. The Policy outlines a method to replenish the amount used over an eight-year period. Due to the loss of state aids, the City has had to utilize the revenue stabilization policy and will be replenishing the fund balance over the next several years.

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.

Major initiatives

In 2021, the City continued to focus resources on making needed improvements to the IRA Civic Center.

Recognizing there are needed improvements at the IRA Civic Center and the importance of keeping the facility open, the City Council is moving forward with addressing the following:

Roof/Truss System: Multiple truss failures – Due to age, deterioration and an original design that is good for 43% of current building standard loads, any significant snow event creates a dangerous condition. Signage has been put up to warn the public and employees of the risk of building failure. The West venue should not be used during winter months unless a plan to mitigate the risk is carried out diligently. If a significant snow event occurs, the venue will be closed, and events cancelled until the roof is cleared.

R-22 Ice System: The Civic Center utilizes two separate refrigeration systems to maintain its two ice sheets. The West system was installed in 1967 and uses R-22 Freon, which under federal EPA law can no longer be produced or imported as of 2019. In addition, the 52-year old piping in the floor contains slow leaks and could pose a complete shut-down of the rink if the situation worsens. The East system was installed in 1995 and with minor modifications has the capacity to run both rinks. This scenario will also increase electrical efficiency helping reduce expenses.

ADA Improvements: The West venue is not in compliance with the Americans with Disabilities Act. Minnesota Accessibility Code requires a minimum of 20 percent of the cost of the building renovation to be spent to bring the facility into ADA compliance. There is no way to move between the ground and lobby levels without exiting the building. The outside sidewalk slope is not ADA compliant and a significant risk in the winter. Bathrooms and locker rooms are not ADA compliant and are a barrier to anyone with mobility issues. Our West Venue is used for Grand Rapids High School graduation, weddings, reunions, concerts, shows etc... we need equal opportunity for everyone.

Health/Safety needs: There are indoor air quality issues, locker rooms that were designed when hockey was primarily a male only sport and the West venue does not meet the current fire code requirements. We have made small improvements over the years to address maintenance issues but need capital to bring the facility in line with current Health and Safety requirements. Locker room inequities bring the possibility of Title IX lawsuits.

The IRA Civic Center exceeds 200,000 visitors per year, hosts over 30 dry events per year, and a minimum of 12 youth hockey tournaments per year, creating an economic impact that exceeds \$3.5 million per year. Without this facility, our hotels and restaurants will have a difficult time surviving through the winter months. the current opinion of cost for the project is \$15.5 million.

Funding for the project is as follows:

- State Bonding \$5 million (secured)
- Blandin Foundation \$1,5 million (applied)
- IRRRB \$0.5 million (applied)
- City of Grand Rapids \$8.5 million

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2020. This was the twenty-ninth 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 CAFR. 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 CAFR 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 maintain high financial standards has helped the City maintain its strong financial condition.

Respectfully submitted,

Tom Pagel
City Administrator

Barbara A. Baird
Finance Director

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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, 2020

Christopher P. Morill

Executive Director/CEO

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GRAND RAPIDS, CITY OF
PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS
December 31, 2021

| | <u>Term Expires</u> |
|--|---------------------|
| 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 | |
| Director of Human Resources..... Lynn DeGrio | |
| 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 | |

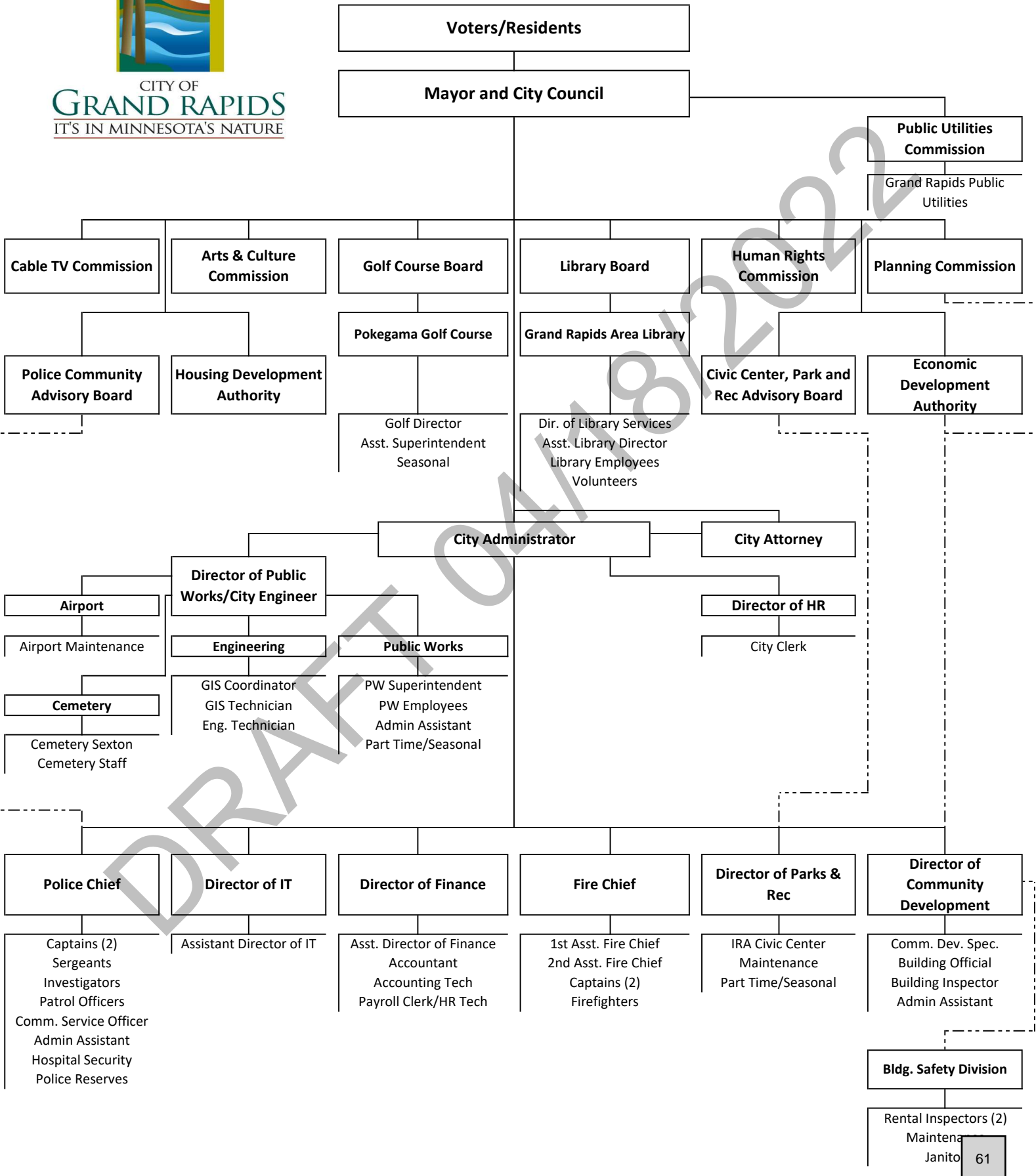
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CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

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 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, 2021, and the related notes to the financial statements, which collectively comprise City'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, 2021, 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 __ percent, __ percent, and __ 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 (GAAS) 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 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.

Report on Summarized Comparative Information

We have previously audited the City of Grand Rapids, Minnesota's 2020 financial statements, and we expressed unmodified audit opinions on the respective 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 in our report dated May 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 GAAS 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 GAAS 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 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 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.

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 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 and statistical 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 _____, 2022 on our consideration of 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 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

_____, 2022

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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, 2021. 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 7 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 \$64,986,685 (net position).

The City's total net position increased by \$4,140,753. The governmental activities of the City increased by \$3,688,136. This increase is due to the investment in capital outlay.

The business-type activities increased by \$452,617 due to an increase in Golf Course revenue and due to rate increases in the Storm Water Utility.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,257,359. Of this amount, \$6,321,661 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 \$7,554,548. Of that amount, \$1,652,993 was in a non-spendable form, \$39,516 was restricted, \$1,049,832 was committed and \$4,812,207 was unassigned.

The City's total debt increased from \$22,617,600 to \$26,686,627 (excluding compensated absences). The City issued General Obligation Improvement Bonds, Series 2021B for \$6,255,000.

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 37 through 39 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 2021, the City maintained five 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
- Airport Capital
- 2021 Infrastructure Bonds
- Civic Center Capital Improvements

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 40 and 41 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 43 through 45 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 46 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 49 through 98 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, agency 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 118 through 141 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 \$65,109,733 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$51,410,762 or 79%) 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 | |
|--------------------------------------|-------------------------|--------------|--------------------------|-------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets: | | | | | | |
| Current and other assets | \$21,931,983 | \$23,219,060 | \$752,040 | \$394,602 | \$22,684,023 | \$23,613,662 |
| Capital assets | 73,667,622 | 65,585,277 | 2,756,809 | 2,738,601 | 76,424,431 | 68,323,878 |
| Total assets | 95,599,605 | 88,804,337 | 3,508,849 | 3,133,203 | 99,108,454 | 91,937,540 |
| Total deferred outflows of resources | 3,539,260 | 1,286,930 | - | - | 3,539,260 | 1,286,930 |
| Liabilities: | | | | | | |
| Long-term liabilities outstanding | 27,929,884 | 25,468,249 | 11,612 | 6,535 | 27,941,496 | 25,474,784 |
| Other liabilities | 4,806,229 | 5,092,953 | 121,152 | 203,200 | 4,927,381 | 5,296,153 |
| Total liabilities | 32,736,113 | 30,561,202 | 132,764 | 209,735 | 32,868,877 | 30,770,937 |
| Total deferred inflows of resources | 4,792,152 | 1,607,601 | - | - | 4,792,152 | 1,607,601 |
| Net position: | | | | | | |
| Net investment in capital assets | 48,653,953 | 45,277,093 | 2,756,809 | 2,708,980 | 51,410,762 | 47,986,073 |
| Restricted | 9,501,590 | 10,530,098 | - | - | 9,501,590 | 10,530,098 |
| Unrestricted | 3,455,057 | 2,115,273 | 619,276 | 214,488 | 4,074,333 | 2,329,761 |
| Total net position | \$61,610,600 | \$57,922,464 | \$3,376,085 | \$2,923,468 | \$64,986,685 | \$60,845,932 |

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 \$4,074,533

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 \$4,433,258 at December 31, 2021 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 | \$3,418,746 |
| Noncurrent assets | - |
| Deferred inflows of resources | (3,235,362) |
| Noncurrent liabilities | (4,616,642) |
| Total | <u>(\$4,433,258)</u> |

Governmental Activities

Governmental activities increased the City's net position by \$3,688,136 in 2021. Key elements of this increase are as follows:

- Annual principal payments on bonds were greater than new bond debt issued during the year. Therefore, reduction of debt increased the City's net position.
- Interest and fees on long-term debt increased by \$89,226 primarily due to issuance of debt.
- Operating grants and contributions decreased \$1,013,900 due to one-time pass through grants received in 2020 from the State of Minnesota (CARES Funding).
- Capital grants and contributions increased by \$3,297,072 due to a grant from the Department of Transportation Aeronautics Division to rehabilitate Runway 16/34 at the Grand Rapids/Itasca County Airport.

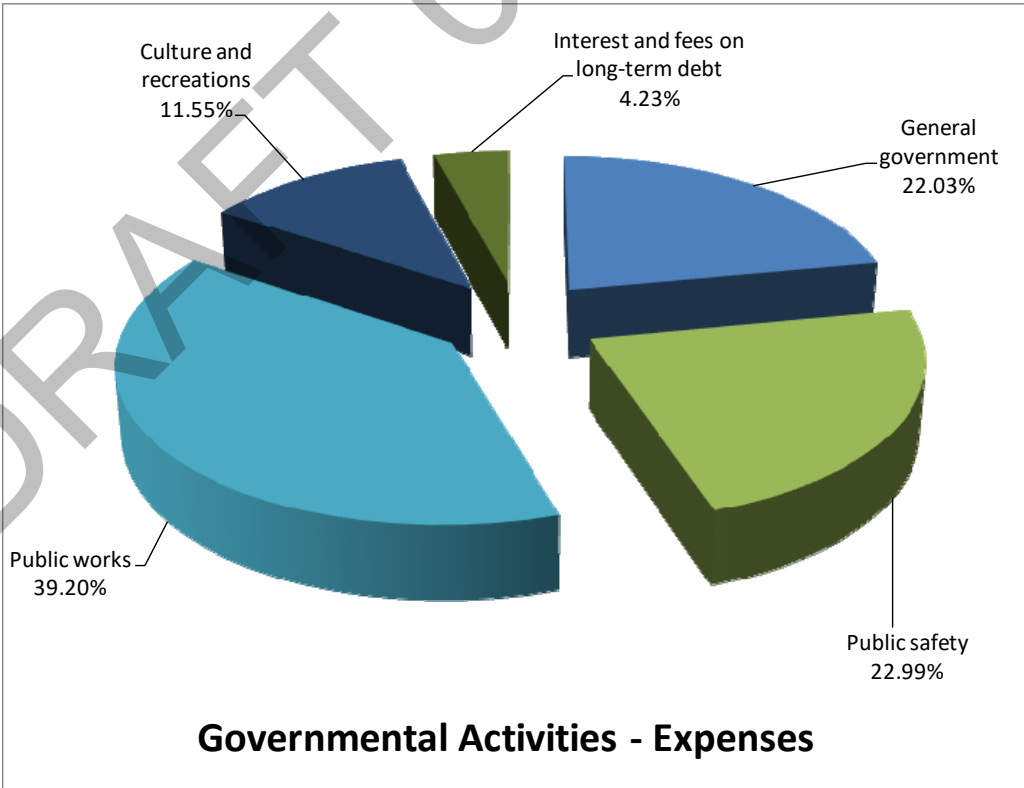
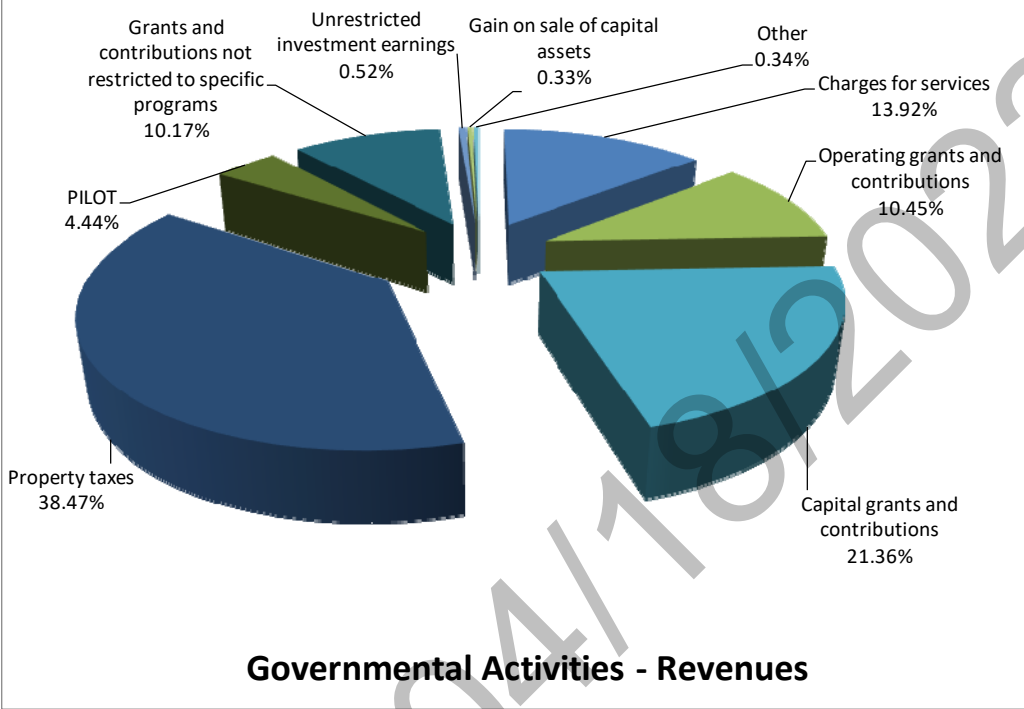
Management's Discussion and Analysis

City of Grand Rapids' Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$2,870,644 | \$3,623,221 | \$1,657,616 | \$1,400,224 | \$4,528,260 | \$5,023,445 |
| Operating grants and contributions | 2,153,675 | 3,169,921 | - | - | 2,153,675 | 3,169,921 |
| Capital grants and contributions | 4,403,281 | 1,088,517 | 115,400 | - | 4,518,681 | 1,088,517 |
| General revenues: | | | | | | |
| Taxes | 7,924,863 | 7,659,562 | - | - | 7,924,863 | 7,659,562 |
| Payments in lieu of taxes (PILOT) | 914,886 | 911,762 | - | - | 914,886 | 911,762 |
| Grants and contributions not restricted to specific programs | 2,096,967 | 2,086,492 | - | - | 2,096,967 | 2,086,492 |
| Unrestricted investment earnings | 107,623 | 136,466 | 5,229 | 3,644 | 112,852 | 140,110 |
| Gain (loss) on sale of capital assets | 67,402 | 2,512,675 | - | - | 67,402 | 2,512,675 |
| Other | 70,478 | - | - | - | 70,478 | - |
| Total revenues | <u>20,609,819</u> | <u>21,188,616</u> | <u>1,778,245</u> | <u>1,403,868</u> | <u>22,388,064</u> | <u>22,592,484</u> |
| Expenses: | | | | | | |
| General government | 3,727,831 | 4,566,308 | 712,099 | - | 4,439,930 | 4,566,308 |
| Public safety | 3,890,065 | 3,811,071 | 613,529 | - | 4,503,594 | 3,811,071 |
| Public works | 6,633,805 | 7,451,179 | - | - | 6,633,805 | 7,451,179 |
| Culture and recreation | 1,954,824 | 1,825,496 | - | - | 1,954,824 | 1,825,496 |
| Interest and fees on long-term debt | 715,158 | 625,932 | - | - | 715,158 | 625,932 |
| Golf course | - | - | - | 636,642 | - | 636,642 |
| Storm water utility | - | - | - | 657,178 | - | 657,178 |
| Total expenses | <u>16,921,683</u> | <u>18,279,986</u> | <u>1,325,628</u> | <u>1,293,820</u> | <u>18,247,311</u> | <u>19,573,806</u> |
| Change in net position before transfers | 3,688,136 | 2,908,630 | 452,617 | 110,048 | 4,140,753 | 3,018,678 |
| Transfers - primary government | - | - | - | - | - | - |
| Change in net position | <u>3,688,136</u> | <u>2,908,630</u> | <u>452,617</u> | <u>110,048</u> | <u>4,140,753</u> | <u>3,018,678</u> |
| Net position - January 1 | <u>57,922,464</u> | <u>55,013,834</u> | <u>2,923,468</u> | <u>2,813,420</u> | <u>60,845,932</u> | <u>57,827,254</u> |
| Net position - December 31 | <u>\$61,610,600</u> | <u>\$57,922,464</u> | <u>\$3,376,085</u> | <u>\$2,923,468</u> | <u>\$64,986,685</u> | <u>\$60,845,932</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 \$452,617 in 2021. 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 \$177,072 in 2021 compared to an \$15,072 decrease in 2020. The Golf Course had a 17% increase in the number of rounds played and a 11% 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 \$254,330 in 2021 compared to a \$84,210 decrease in 2020. The increase is due to the change made to the Storm Water Utility rates and an \$39,081 decrease in operating expenses. This fund was established in 2004 with storm water utility charges implemented on January 1, 2005. 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 \$15,527,359. Approximately 11% of this total amount (\$1,698,102) constitutes non-spendable fund balance and approximately 41% (\$6,321,661) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$1,980,975) and assigned (\$2,364,975) by City Council, as well as unassigned fund balance (\$2,891,646). Additional information about the City's fund balance classifications can be found in Note 15.

The general fund balance increased by \$212,839 in 2021, compared to a \$720,900 increase in 2020. Prior to other financing sources and uses and special items, the General Fund balance increased \$212,839 in 2021 compared to a \$1,037,345 increase in 2020. Key elements of this increase are as follows:

- Intergovernmental revenue decreased \$726,689 due to receipt of \$891,600 federal CARES monies and a one-time Iron Range Resources and Rehabilitation Board grant for \$300,000 for the Grand Rapids Public Utilities Super Oxygenation Project for their Waste Water Treatment Plant received in 2020.
- Charges for services increased \$64,453 primarily due to an increase in Engineering and Administrative charges for City Construction Projects.

Miscellaneous expenditures decreased \$644,797 due to a one-time grant payment to the Grand Rapids Economic Development Authority for small business assistance and a one-time grant payment to Grand Rapids Public Utilities for the Super Oxygenation Project made in 2020.

Management's Discussion and Analysis

The Capital Equipment Replacement fund had a fund balance increase of \$16,953 due to \$40,300 recovered in the sale of fixed assets.

The Airport Capital fund had a fund balance decrease of \$33,629 due to contracts payable in 2021.

The 2021 Infrastructure Bonds had a fund balance increase of \$427,529 due to the issuance of bonds in 2021.

The Civic Center Capital Improvement fund has a decrease in fund balance of \$1,086,716 due to a contract with ICS Consulting for design costs.

The non-major special revenue funds increased by \$169,709 for 2021 due to the Civic Center having an \$86,260 increase and the Cemetery had a \$25, 250 increase in fund balance.

The non-major debt service funds decreased by \$576,130 due to the closing of a fund that had matured and the reduction of levy amounts needed for bond payments.

The non-major capital project funds increased by \$213,818. This is due to the closing of a debt service fund that matured and the balance of \$211,435 transferred into the Permanent Improvement Revolving fund.

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 \$57,884. Operating revenues increased by \$125,105 due to an increase in the number of rounds played and an increase of \$26,495 in season pass sales.

The Storm Water Utility had an operating income of \$249,068. Operating revenues increased by \$129,900 due to an increase in the Storm Water Utility rates.

Budgetary Highlights

General Fund. The General Fund had an increase in fund balance of \$212,839. The General Fund revenue was over budget by \$608,803 due to several items. Licenses and Permits was over approximately \$84,000 because of the construction of a new hotel and a new bank. Charges for services over budget by \$19,000 due an unbudgeted increase in Finance charges and Engineering charges for City projects. Intergovernmental Revenue was over budget by \$428,000 primarily due to receipt of a one-time Iron Range Resources and Rehabilitation grant monies for the Grand Rapids Public Utilities Solar Garden Project and \$172,570 in State Emergency funding for storm damage that occurred on July 26, 2021

Total expenditures were over budget by \$472,818. Miscellaneous expenditures was over budget by \$219,799 due to a one-time Iron Range Resources and Rehabilitation grant that was paid out to the Grand Rapids Public Utilities.

Management's Discussion and Analysis

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, 2021, amounts to \$76,424,431. (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 | |
|---------------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land and land improvements | \$7,095,296 | \$7,080,791 | \$919,686 | \$910,812 | \$8,014,982 | \$7,991,603 |
| Building and improvements | 10,599,387 | 9,768,260 | 1,360,335 | 1,361,702 | 11,959,722 | 11,129,962 |
| Vehicles, equipment and furnitu | 4,705,456 | 4,619,881 | 476,788 | 466,087 | 5,182,244 | 5,085,968 |
| Infrastructure | 38,184,298 | 35,634,358 | - | - | 38,184,298 | 35,634,358 |
| Construction in progress | 13,083,185 | 8,481,987 | - | - | 13,083,185 | 8,481,987 |
| Total | \$73,667,622 | \$65,585,277 | \$2,756,809 | \$2,738,601 | \$76,424,431 | \$68,323,878 |

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 \$26,686,627 (excluding compensated absences), a increase of \$4,039,406 from 2020. Of the total outstanding amount:

- \$7,650,000 is general obligation improvement debt that is supported in part by special assessments,
- \$615,000 is general obligation tax increment debt which is financed through the City's economic development program,
- \$17,615,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$806,627 is a combined total of unamortized bond premiums and capital leases.

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 | |
|--|-------------------------|---------------------|--------------------------|-----------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General obligation improvement bonds | \$7,650,000 | \$9,425,000 | \$ - | \$ - | \$7,650,000 | \$9,425,000 |
| General obligation tax increment bonds | 615,000 | 650,000 | - | - | 615,000 | 650,000 |
| Other general obligation bonds | 17,615,000 | 12,065,000 | - | - | 17,615,000 | 12,065,000 |
| Capital leases, loans, bond premium | 806,627 | 477,600 | - | 29,621 | 806,627 | 507,221 |
| Total | \$26,686,627 | \$22,617,600 | \$0 | \$29,621 | \$26,686,627 | \$22,647,221 |

The City issued General Obligation Improvement Bonds, Series 2021B for \$6,255,000 in 2021.

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 \$25,087,196. Of the City's outstanding debt, \$15,747,803 is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 7.

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 |
| | | | 2021 | 2020 | | |
| Assets: | | | | | | |
| Cash and investments | \$15,393,231 | \$741,847 | \$16,135,078 | \$16,929,552 | \$884,143 | \$ - |
| Accrued interest receivable | 16,144 | - | 16,144 | 20,609 | - | - |
| Due from other governmental units | 985,087 | - | 985,087 | 1,127,289 | - | - |
| Due from primary government | - | - | - | - | 18,551 | - |
| Due from component units | 63,086 | 112,846 | 175,932 | 218,169 | - | - |
| Accounts receivable - net | 169,983 | 7,945 | 177,928 | 157,357 | 47,080 | - |
| Pledges receivable | 14,387 | - | 14,387 | 42,510 | - | - |
| Internal balances | 133,038 | (133,038) | - | - | - | - |
| Prepaid items | 523,671 | 22,440 | 546,111 | 212,462 | - | - |
| Property taxes receivable | 347,009 | - | 347,009 | 266,022 | - | - |
| Special assessments receivable | 2,568,840 | - | 2,568,840 | 2,788,630 | - | - |
| Inventories - at cost | - | - | - | - | - | - |
| Other receivable | - | - | - | 133,555 | 3,401,507 | - |
| Land held for resale | - | - | - | - | - | - |
| Notes receivable | 300,000 | - | 300,000 | 300,000 | 1,018,454 | - |
| Restricted cash and investments | - | - | - | - | - | - |
| Restricted accounts receivable | - | - | - | - | - | - |
| Financial assurance landfill closure | - | - | - | - | - | - |
| Net pension asset | 1,417,507 | - | 1,417,507 | 1,417,507 | - | - |
| Capital assets - nondepreciable | 20,178,481 | 919,686 | 21,098,167 | 16,473,590 | - | - |
| Capital assets - net of accumulated depreciation | 53,489,141 | 1,837,123 | 55,326,264 | 51,850,288 | - | - |
| Regulatory assets | - | - | - | - | - | - |
| Non-utility property - net of amortization | - | - | - | - | - | - |
| Total assets | 95,599,605 | 3,508,849 | 99,108,454 | 91,937,540 | 5,369,735 | 0 |
| Deferred outflows of resources: | | | | | | |
| Service territory acquisition | - | - | - | - | - | - |
| Related to pensions | 3,538,189 | - | 3,538,189 | 1,285,603 | - | - |
| Related to OPEB | 1,071 | - | 1,071 | 1,327 | - | - |
| Total deferred outflows of resources | 3,539,260 | 0 | 3,539,260 | 1,286,930 | 0 | 0 |
| Liabilities: | | | | | | |
| Accounts payable | 415,845 | 23,422 | 439,267 | 717,757 | 15,799 | - |
| Accrued wages payable | 134,534 | 5,853 | 140,387 | 97,621 | - | - |
| Due to other governmental units | 32,128 | 3,440 | 35,568 | 284,492 | 80,361 | - |
| Due to component units | 134,119 | 6,299 | 140,418 | 432,827 | - | - |
| Contracts payable | 234,296 | - | 234,296 | 401,237 | - | - |
| Deposits payable | 358,714 | 58,260 | 416,974 | 418,102 | 1,605 | - |
| Due to primary government | - | - | - | - | - | - |
| Accrued interest payable | 295,869 | 975 | 296,844 | 242,676 | - | - |
| Unearned revenue | 658,653 | 21,134 | 679,787 | 111,023 | - | - |
| Compensated absences: | | | | | | |
| Due within one year | 47,071 | 1,769 | 48,840 | 45,797 | - | - |
| Due in more than one year | 483,103 | 11,612 | 494,715 | 476,061 | - | - |
| Net pension liability: | | | | | | |
| Due in more than one year | 3,235,362 | - | 3,235,362 | 4,874,930 | - | - |
| Landfill closure costs: | | | | | | |
| Due in more than one year | - | - | - | - | - | - |
| Noncurrent liabilities: | | | | | | |
| Due within one year | 2,495,000 | - | 2,495,000 | 2,544,621 | 43,193 | - |
| Due in more than one year | 24,191,627 | - | 24,191,627 | 20,102,600 | 1,997,855 | - |
| Other post employment benefits: | | | | | | |
| Due in more than one year | 19,792 | - | 19,792 | 21,193 | - | - |
| Total liabilities | 32,736,113 | 132,764 | 32,868,877 | 30,770,937 | 2,138,813 | 0 |
| Deferred inflows of resources: | | | | | | |
| Demand payment deferral | - | - | - | - | - | - |
| Related to pensions | 4,780,231 | - | 4,780,231 | 1,596,904 | - | - |
| Related to other post employment benefits | 11,921 | - | 11,921 | 10,697 | - | - |
| Other deferred credits | - | - | - | - | - | - |
| Total deferred inflows of resources | 4,792,152 | 0 | 4,792,152 | 1,607,601 | 0 | 0 |
| Net position: | | | | | | |
| Net investment in capital assets | 48,653,953 | 2,756,809 | 51,410,762 | 47,986,073 | - | - |
| Restricted for: | | | | | | |
| Debt service | 7,922,980 | - | 7,922,980 | 9,017,009 | - | - |
| Itasca County share of airport | 74,387 | - | 74,387 | 77,229 | - | - |
| Pensions | 1,373,361 | - | 1,373,361 | 1,373,361 | - | - |
| Other purposes | 130,862 | - | 130,862 | 62,499 | - | - |
| Unrestricted | 3,455,057 | 619,276 | 4,074,333 | 2,329,761 | 3,230,922 | - |
| Total net position | \$61,610,600 | \$3,376,085 | \$64,986,685 | \$60,845,932 | \$3,230,922 | \$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, 2021

With Comparative Totals For The Year Ended December 31, 2020

| Functions/Programs | Expenses | Charges For Services | Program Revenues | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|
| | | | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$3,727,831 | \$591,979 | \$760,664 | \$ - |
| Public safety | 3,890,065 | 879,364 | 636,868 | - |
| Public works | 6,633,805 | 505,483 | 731,767 | 4,391,187 |
| Culture and recreation | 1,954,824 | 893,818 | - | 12,094 |
| Interest and fees on long-term debt | 715,158 | - | 24,376 | - |
| Total governmental activities | <u>16,921,683</u> | <u>2,870,644</u> | <u>2,153,675</u> | <u>4,403,281</u> |
| Business-type activities: | | | | |
| Golf course | 712,099 | 781,728 | | 115,400 |
| Storm water utility | 613,529 | 875,888 | | |
| Total business-type activities | <u>1,325,628</u> | <u>1,657,616</u> | <u>0</u> | <u>115,400</u> |
| Total primary government | <u>\$18,247,311</u> | <u>\$4,528,260</u> | <u>\$2,153,675</u> | <u>\$4,518,681</u> |
| Component units: | | | | |
| Economic Development Authority | \$332,777 | \$44,077 | \$455,590 | \$ - |
| Public Utilities Commission | - | - | - | - |
| Total component units | <u>\$332,777</u> | <u>\$44,077</u> | <u>\$455,590</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 | | | | |
| Gain on sale of capital assets | | | | |
| Other | | | | |
| Transfers | | | | |
| Total general revenues, special items 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 | | | | Component Units | |
|--|-----------------------------|---------------------|---------------------|--------------------------------------|-----------------------------------|
| Primary Government | | | | Economic Development Authority | Public Utilities Commission |
| Governmental Activities | Business-Type Activities | Total 2021 | Total 2020 | | |
| (\$2,375,188) | \$ - | (\$2,375,188) | (\$2,938,868) | \$ - | \$ - |
| (2,373,833) | - | (2,373,833) | (2,488,734) | - | - |
| (1,005,368) | - | (1,005,368) | (3,812,342) | - | - |
| (1,048,912) | - | (1,048,912) | (562,152) | - | - |
| (690,782) | - | (690,782) | (596,231) | - | - |
| <u>(7,494,083)</u> | <u>0</u> | <u>(7,494,083)</u> | <u>(10,398,327)</u> | <u>0</u> | <u>0</u> |
| - | 185,029 | 185,029 | 17,094 | - | - |
| - | 262,359 | 262,359 | 89,310 | - | - |
| <u>0</u> | <u>447,388</u> | <u>447,388</u> | <u>106,404</u> | <u>0</u> | <u>0</u> |
| <u>(7,494,083)</u> | <u>447,388</u> | <u>(7,046,695)</u> | <u>(10,291,923)</u> | <u>0</u> | <u>0</u> |
| | | | | 166,890 | - |
| | | | | - | - |
| | | | | <u>166,890</u> | <u>0</u> |
| 7,924,863 | - | 7,924,863 | 7,659,562 | 55,175 | - |
| 914,886 | - | 914,886 | 911,762 | - | - |
| 2,096,967 | - | 2,096,967 | 2,086,492 | 2,827 | - |
| 107,623 | 5,229 | 112,852 | 140,110 | 7,008 | - |
| 67,402 | - | 67,402 | 2,512,675 | 25,500 | - |
| 70,478 | - | 70,478 | - | - | - |
| - | - | - | - | - | - |
| <u>11,182,219</u> | <u>5,229</u> | <u>11,187,448</u> | <u>13,310,601</u> | <u>90,510</u> | <u>0</u> |
| 3,688,136 | 452,617 | 4,140,753 | 3,018,678 | 257,400 | 0 |
| <u>57,922,464</u> | <u>2,923,468</u> | <u>60,845,932</u> | <u>57,827,254</u> | <u>2,973,522</u> | <u>-</u> |
| <u>\$61,610,600</u> | <u>\$3,376,085</u> | <u>\$64,986,685</u> | <u>\$60,845,932</u> | <u>\$3,230,922</u> | <u>\$0</u> |

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

CITY OF GRAND RAPIDS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Item 1.

 State

| | 101 General Fund | 407 Capital Equipment Replacement | 413 Airport Capital Fund | 482 2021 Infrastructure Bonds | 483 Civic Center Capital Improvements | Other Governmental Funds | Total Governmental Funds | |
|--|--------------------|-----------------------------------|--------------------------|-------------------------------|---------------------------------------|--------------------------|--------------------------|---------------------|
| | | | | | | | 2021 | 2020 |
| Assets | | | | | | | | |
| Cash and investments | \$4,473,521 | \$468,978 | \$ - | \$973,321 | \$ - | \$9,477,411 | \$15,393,231 | \$16,427,330 |
| Accrued interest receivable | 16,144 | - | - | - | - | - | 16,144 | 20,609 |
| Due from other governmental units | 475,961 | - | 355,052 | 6,924 | - | 136,516 | 974,453 | 1,114,309 |
| Due from other funds | 1,621,952 | - | - | - | - | - | 1,621,952 | 117,171 |
| Due from component units | 5,426 | - | - | - | - | 57,660 | 63,086 | 153,390 |
| Accounts receivable | 65,245 | - | 4,000 | - | - | 100,738 | 169,983 | 147,199 |
| Pledges receivable | - | - | - | - | - | 14,387 | 14,387 | 42,510 |
| Interfund loan receivable | 1,479,969 | - | - | - | - | - | 1,479,969 | 1,320,035 |
| Prepaid items | 173,023 | 305,539 | - | - | - | 45,109 | 523,671 | 203,982 |
| Taxes receivable - delinquent | 307,111 | - | - | - | - | 39,898 | 347,009 | 266,022 |
| Special assessments receivable | 62,272 | - | - | - | - | 2,536,568 | 2,598,840 | 2,838,630 |
| Note receivable | 300,000 | - | - | - | - | - | 300,000 | 300,000 |
| Total assets | \$8,980,624 | \$774,517 | \$359,052 | \$980,245 | \$0 | \$12,408,287 | \$23,502,725 | \$22,951,187 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$167,004 | \$78 | \$ - | \$ - | \$ - | \$248,763 | \$415,845 | \$703,554 |
| Accrued wages payable | 114,437 | - | - | - | - | 20,097 | 134,534 | 90,398 |
| Due to other governmental units | 19,161 | - | - | - | - | 12,967 | 32,128 | 283,844 |
| Due to component units | 104,478 | - | - | - | - | 29,641 | 134,119 | 349,618 |
| Contracts payable | - | - | 32,039 | 130,998 | - | 71,259 | 234,296 | 401,237 |
| Due to other funds | - | - | 224,853 | - | 1,263,858 | 133,241 | 1,621,952 | 106,696 |
| Deposits payable | 349,245 | - | - | - | - | 9,469 | 358,714 | 367,102 |
| Interfund loan payable | - | 1,330,781 | - | - | - | 52,074 | 1,382,855 | 1,196,612 |
| Unearned revenue | 2,368 | - | - | - | - | 656,285 | 658,653 | 96,978 |
| Total liabilities | 756,693 | 1,330,859 | 256,892 | 130,998 | 1,263,858 | 1,233,796 | 4,973,096 | 3,596,039 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue | 669,383 | - | - | - | - | 2,602,887 | 3,272,270 | 3,447,162 |
| Total deferred inflows of resources | 669,383 | 0 | 0 | 0 | 0 | 2,602,887 | 3,272,270 | 3,447,162 |
| Fund balances: | | | | | | | | |
| Nonspendable | 1,652,993 | - | - | - | - | 45,109 | 1,698,102 | 1,524,017 |
| Restricted | 39,516 | - | - | - | - | 6,282,145 | 6,321,661 | 6,828,704 |
| Committed | 1,049,832 | - | - | - | - | 931,143 | 1,980,975 | 1,779,309 |
| Assigned | - | - | 102,160 | 849,247 | - | 1,413,568 | 2,364,975 | 1,811,774 |
| Unassigned | 4,812,207 | (556,342) | - | - | (1,263,858) | (100,361) | 2,891,646 | 3,964,182 |
| Total fund balances | 7,554,548 | (556,342) | 102,160 | 849,247 | (1,263,858) | 8,571,604 | 15,257,359 | 15,907,986 |
| Total liabilities, deferred inflows of resources, and fund balances | \$8,980,624 | \$774,517 | \$359,052 | \$980,245 | \$0 | \$12,408,287 | \$23,502,725 | \$22,951,187 |
| Fund balance reported above | | | | | | | \$15,257,359 | \$15,907,986 |
| 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. | | | | | | | 73,667,622 | 65,585,277 |
| 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 | | | | | | | 347,009 | 266,022 |
| Assessments not yet due or delinquent | | | | | | | 2,568,840 | 2,788,630 |
| Pledges not yet due | | | | | | | 14,387 | 42,510 |
| Due from other governmental units | | | | | | | 10,634 | 12,980 |
| Land held for resale | | | | | | | - | - |
| Other receivable not yet due | | | | | | | 12,040 | 133,555 |
| Notes receivable not yet due | | | | | | | 300,000 | 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 | | | | | | | (26,686,627) | (22,617,600) |
| Capital lease and loans payable | | | | | | | - | - |
| Accrued interest payable | | | | | | | (295,869) | (241,417) |
| Compensated absences payable | | | | | | | (530,174) | (513,331) |
| Other post employment benefits | | | | | | | (30,642) | (30,563) |
| 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. | | | | | | | (4,397,340) | (5,084,946) |
| 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 | | | | | | | 1,417,507 | 1,417,507 |
| Deferred outflows of resources | | | | | | | 119,443 | 119,443 |
| Deferred inflows of resources | | | | | | | (163,589) | (163,589) |
| Net position of governmental activities | | | | | | | \$61,610,600 | \$57,922,464 |

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, 2021
With Comparative Totals For The Year Ended December 31, 2020

Item 1.

Statement of

| | 101 General Fund | 407 Capital Equipment Replacement | 413 Airport Capital Fund | 482 2021 Infrastructure Bonds | 483 Civic Center Capital Improvements | Other Governmental Funds | Totals Governmental Funds | |
|---|-------------------|-----------------------------------|--------------------------|-------------------------------|---------------------------------------|--------------------------|---------------------------|-------------------|
| | | | | | | | 2021 | 2020 |
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| General property | \$4,963,402 | \$177,454 | \$ - | \$ - | \$ - | \$2,423,419 | \$7,564,275 | \$7,332,807 |
| Tax abatements | - | - | - | - | - | 44,049 | 44,049 | 62,717 |
| Tax increments | - | - | - | - | - | 235,552 | 235,552 | 228,759 |
| Payments in lieu of taxes (PILOT) | 914,886 | - | - | - | - | - | 914,886 | 911,762 |
| Licenses and permits | 384,777 | - | - | - | - | - | 384,777 | 450,688 |
| Intergovernmental | 3,049,276 | 9,091 | 3,636,309 | 466,044 | - | 1,262,755 | 8,423,475 | 5,742,470 |
| Special assessments | 11,081 | - | - | - | - | 330,405 | 341,486 | 432,474 |
| Charges for services | 1,153,571 | - | - | - | - | 1,065,977 | 2,219,548 | 2,067,732 |
| Fines and forfeits | 73,726 | - | - | - | - | 24,611 | 98,337 | 92,407 |
| Investment income | 43,266 | 3,284 | - | - | - | 61,073 | 107,623 | 136,466 |
| Contributions and donations | 27,377 | 6,222 | - | - | - | 68,202 | 101,801 | 115,322 |
| Reimbursement from component unit | - | - | - | - | - | 10,974 | 10,974 | 791,679 |
| Other grants | - | - | - | - | - | - | - | 142,000 |
| Other | 43,831 | 18,827 | - | - | - | 67,530 | 130,188 | 14,427 |
| Total revenues | 10,665,193 | 214,878 | 3,636,309 | 466,044 | 0 | 5,594,547 | 20,576,971 | 18,521,710 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,485,436 | 5,419 | - | - | - | 603,495 | 3,094,350 | 2,960,690 |
| Public safety | 3,888,431 | - | - | - | - | 132,258 | 4,020,689 | 3,847,373 |
| Public works | 2,750,168 | 5,000 | 1,589 | - | - | 518,898 | 3,275,655 | 2,984,860 |
| Culture and recreation | 76,075 | - | - | - | - | 1,587,630 | 1,663,705 | 1,525,058 |
| Miscellaneous | 569,299 | - | - | - | - | - | 569,299 | 1,214,096 |
| Capital outlay/construction | 52,059 | 425,907 | 3,668,349 | 6,460,610 | 1,081,716 | 472,280 | 12,160,921 | 7,745,469 |
| Decertify TIF districts | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | |
| Principal retirement | - | - | - | - | - | 2,515,000 | 2,515,000 | 2,480,000 |
| Interest | - | - | - | - | - | 578,766 | 578,766 | 613,237 |
| Paying agent fees | - | - | - | - | - | 6,600 | 6,600 | 6,850 |
| Bond issuance costs | - | - | - | 116,617 | - | - | 116,617 | 57,920 |
| Total expenditures | 9,821,468 | 436,326 | 3,669,938 | 6,577,227 | 1,081,716 | 6,414,927 | 28,001,602 | 23,435,553 |
| Revenues over (under) expenditures | 843,725 | (221,448) | (33,629) | (6,111,183) | (1,081,716) | (820,380) | (7,424,631) | (4,913,843) |
| Other financing sources (uses): | | | | | | | | |
| Bond issuance | - | - | - | 6,255,000 | - | - | 6,255,000 | 2,275,000 |
| Bond premium | - | - | - | 370,304 | - | - | 370,304 | 83,520 |
| Sale of capital assets | 11,038 | 40,364 | - | - | - | - | 51,402 | 2,345,140 |
| Sale of land held for resale | - | - | - | - | - | - | - | 181,765 |
| Insurance recoveries | 41,847 | - | - | - | - | 55,451 | 97,298 | 206,288 |
| Transfers in | 82,585 | 280,622 | - | - | - | 934,705 | 1,297,912 | 806,486 |
| Transfers out | (766,356) | (82,585) | - | (86,592) | - | (362,379) | (1,297,912) | (806,486) |
| Total other financing sources (uses) | (630,886) | 238,401 | 0 | 6,538,712 | 0 | 627,777 | 6,774,004 | 5,091,713 |
| Net change in fund balance | 212,839 | 16,953 | (33,629) | 427,529 | (1,081,716) | (192,603) | (650,627) | 177,870 |
| Fund balance - January 1 | 7,341,709 | (573,295) | 135,789 | 421,718 | (182,142) | 8,764,207 | 15,907,986 | 15,730,116 |
| Fund balance - December 31 | \$7,554,548 | (\$556,342) | \$102,160 | \$849,247 | (\$1,263,858) | \$8,571,604 | \$15,257,359 | \$15,907,986 |

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, 2021
With Comparative Amounts For The Year Ended December 31, 2020

| | 2021 | 2020 |
|---|-------------|-------------|
| 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) | (\$650,627) | \$177,870 |
| 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 | (3,759,308) | (3,680,006) |
| Capital outlay | 12,160,921 | 7,745,469 |
| Capital outlay not capitalized | (283,148) | (1,406,936) |
| 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. | (36,120) | (90,417) |
| 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 | 80,987 | 34,702 |
| Change in deferred and delinquent special assessments | (219,850) | (152,939) |
| Change in pledges receivable | (28,123) | (49,963) |
| Change in notes receivable | - | - |
| Change in land held for resale | - | (193,844) |
| Change in other receivable | (121,461) | - |
| 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 | (6,255,000) | (2,275,000) |
| Principal payments on bonds, capital leases and loans payable | 2,515,000 | 2,493,644 |
| Current year bond premium and amortization of bond premium | (329,027) | (47,463) |
| Change in due from other governmental units accrual related to a federal credit on BAB bonds | (2,346) | (2,264) |
| 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 | (16,843) | (98,763) |
| Change in other post employment benefits | (79) | (987) |
| Change in accrued interest payable | (54,452) | 16,018 |
| 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 | - | 170,238 |
| 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. | 687,612 | 269,271 |
| Change in net position of governmental activities (Statement 2) | \$3,688,136 | \$2,908,630 |

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2021

With Comparative Totals For Enterprise Funds For December 31, 2020

Item 1.

Statement 6

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|----------------------------|-------------|-------------|----------------------------|
| | 613 Pokegama Golf Course | 655 Storm Water Utility | Totals | | Internal Service |
| | | | 2021 | 2020 | 2021 |
| Assets: | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$259,467 | \$482,380 | \$741,847 | \$502,222 | \$ - |
| Due from component units | - | 112,846 | 112,846 | 64,779 | - |
| Accounts receivable | 3,887 | 4,058 | 7,945 | 10,158 | - |
| Prepaid items | 22,440 | - | 22,440 | 8,480 | - |
| Total current assets | 285,794 | 599,284 | 885,078 | 585,639 | 0 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land and land improvements | 871,481 | 48,205 | 919,686 | 910,812 | - |
| Buildings and structures | 2,445,317 | - | 2,445,317 | 2,380,914 | - |
| Machinery, equipment and furniture | 1,018,556 | 488,036 | 1,506,592 | 1,396,788 | - |
| Total capital assets | 4,335,354 | 536,241 | 4,871,595 | 4,688,514 | 0 |
| Less: Allowance for depreciation | (1,817,719) | (297,067) | (2,114,786) | (1,949,913) | - |
| Net capital assets | 2,517,635 | 239,174 | 2,756,809 | 2,738,601 | 0 |
| Total noncurrent assets | 2,517,635 | 239,174 | 2,756,809 | 2,738,601 | 0 |
| Total assets | 2,803,429 | 838,458 | 3,641,887 | 3,324,240 | 0 |
| Deferred outflows of resources - pension related | - | - | - | - | 3,418,746 |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 6,934 | 16,488 | 23,422 | 14,203 | - |
| Accrued wages payable | 2,139 | 3,714 | 5,853 | 7,223 | - |
| Due to other governmental units | 2,947 | 493 | 3,440 | 648 | - |
| Due to component units | 1,899 | 4,400 | 6,299 | 83,209 | - |
| Due to other funds | 0 | - | - | 10,475 | - |
| Accrued interest payable | 975 | - | 975 | 1,259 | - |
| Deposits payable | - | 58,260 | 58,260 | 51,000 | - |
| Interfund loan payable | 97,114 | - | 97,114 | 123,423 | - |
| Compensated absences payable - current | 1,654 | 115 | 1,769 | 1,992 | - |
| Capital lease payable - current | - | - | - | 29,621 | - |
| Unearned revenue | 21,134 | - | 21,134 | 14,045 | - |
| Total current liabilities | 134,796 | 83,470 | 218,266 | 337,098 | 0 |
| Noncurrent liabilities: | | | | | |
| Compensated absences payable | - | 11,612 | 11,612 | 6,535 | - |
| Capital lease payable | - | - | - | - | - |
| Other post employment benefits | - | - | - | - | - |
| Net pension liability | - | - | - | - | 3,235,362 |
| Total noncurrent liabilities | 0 | 11,612 | 11,612 | 6,535 | 3,235,362 |
| Total liabilities | 134,796 | 95,082 | 229,878 | 343,633 | 3,235,362 |
| Deferred inflows of resources - pension related | - | - | - | - | 4,616,642 |
| Net position: | | | | | |
| Investment in capital assets | 2,517,635 | 239,174 | 2,756,809 | 2,708,980 | - |
| Unrestricted | 150,998 | 504,202 | 655,200 | 271,627 | (4,433,258) |
| Total net position | \$2,668,633 | \$743,376 | \$3,412,009 | \$2,980,607 | (\$4,433,258) |
| Net position reported above | | | \$3,412,009 | \$2,980,607 | |
| Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time. | | | (35,924) | (57,139) | |
| Net position of business-type activities | | | \$3,376,085 | \$2,923,468 | |

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, 2021

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|--|---|----------------------------|--------------------|--------------------|----------------------|
| | 613 Pokegama Golf Course | 655 Storm Water Utility | Totals | | Internal Service |
| | | | 2021 | 2020 | 2021 |
| Operating revenues: | | | | | |
| Season passes | \$192,745 | \$ - | \$192,745 | \$173,495 | \$ - |
| Green fees | 323,794 | - | 323,794 | 278,445 | - |
| Special play | 14,777 | - | 14,777 | 7,579 | - |
| Rentals and leases | 245,525 | - | 245,525 | 192,217 | - |
| Charges for service | - | 873,563 | 873,563 | 743,663 | 574,068 |
| Total operating revenues | <u>776,841</u> | <u>873,563</u> | <u>1,650,404</u> | <u>1,395,399</u> | <u>574,068</u> |
| Operating expenses: | | | | | |
| Personnel services | 285,756 | 273,253 | 559,009 | 568,932 | (109,373) |
| Materials and supplies | 75,081 | 58,582 | 133,663 | 88,896 | - |
| Other services and charges | 245,607 | 240,297 | 485,904 | 474,851 | - |
| Depreciation | 112,513 | 52,363 | 164,876 | 166,826 | - |
| Total operating expenses | <u>718,957</u> | <u>624,495</u> | <u>1,343,452</u> | <u>1,299,505</u> | <u>(109,373)</u> |
| Operating income (loss) | <u>57,884</u> | <u>249,068</u> | <u>306,952</u> | <u>95,894</u> | <u>683,441</u> |
| Nonoperating revenues (expenses): | | | | | |
| Intergovernmental revenue | 4,781 | - | 4,781 | - | 25,386 |
| Investment income | 2,292 | 2,937 | 5,229 | 3,644 | - |
| Interest expense | (3,391) | - | (3,391) | (5,081) | - |
| Insurance recoveries | - | - | - | - | - |
| Miscellaneous revenue | 106 | 2,325 | 2,431 | 4,825 | - |
| Gain (loss) on sale of capital assets | - | - | - | - | - |
| Total nonoperating revenues (expenses) | <u>3,788</u> | <u>5,262</u> | <u>9,050</u> | <u>3,388</u> | <u>25,386</u> |
| Income before contributions and transfers | <u>61,672</u> | <u>254,330</u> | <u>316,002</u> | <u>99,282</u> | <u>708,827</u> |
| Capital Contributions | 115,400 | - | 115,400 | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total transfers and contributions | <u>115,400</u> | <u>0</u> | <u>115,400</u> | <u>0</u> | <u>0</u> |
| Change in net position | <u>177,072</u> | <u>254,330</u> | <u>431,402</u> | <u>99,282</u> | <u>708,827</u> |
| Net position - January 1 | <u>2,491,561</u> | <u>489,046</u> | <u>2,980,607</u> | <u>2,881,325</u> | <u>(5,142,085)</u> |
| Net position - December 31 | <u>\$2,668,633</u> | <u>\$743,376</u> | <u>\$3,412,009</u> | <u>\$2,980,607</u> | <u>(\$4,433,258)</u> |
| Changes in net position reported above | | | \$431,402 | \$99,282 | |
| Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time. | | | <u>21,215</u> | <u>10,766</u> | |
| Change in net position of business-type activities (Statement 2) | | | <u>\$452,617</u> | <u>\$110,048</u> | |

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, 2021

With Comparative Totals For The Year Ended December 31, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|---|---|-----------------|-------------|-------------|------------------|
| | 613 Pokegama | 655 Storm Water | Totals | | Internal Service |
| | Golf Course | Utility | 2021 | 2020 | 2021 |
| Cash flows from operating activities: | | | | | |
| Receipts from customers and users | \$782,115 | \$831,955 | \$1,614,070 | \$1,402,130 | \$ - |
| Receipts from interfund charges for pension benefits | - | - | - | - | 574,068 |
| Payment to suppliers | (344,536) | (357,105) | (701,641) | (458,647) | (574,068) |
| Payment to employees | (283,288) | (272,237) | (555,525) | (578,212) | - |
| Net cash flows provided by operating activities | 154,291 | 202,613 | 356,904 | 365,271 | 0 |
| Cash flows from noncapital financing activities: | | | | | |
| Interfund borrowing cash payments | (26,310) | - | (26,310) | (26,379) | - |
| Interest on interfund borrowing | (3,674) | - | (3,674) | (4,719) | - |
| Intergovernmental revenue | 4,781 | - | 4,781 | - | - |
| Insurance recoveries | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Net cash flows provided by (used in) noncapital financing activities | (25,203) | 0 | (25,203) | (31,098) | 0 |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition of capital assets | (174,207) | (8,877) | (183,084) | (17,166) | - |
| Contributions received | 115,400 | - | 115,400 | - | - |
| Principal payment on capital lease | (29,621) | - | (29,621) | (28,508) | - |
| Net cash flows (used in) capital and related financing activities | (88,428) | (8,877) | (97,305) | (45,674) | 0 |
| Cash flows from investing activities: | | | | | |
| Investment income | 2,292 | 2,937 | 5,229 | 3,644 | - |
| Net increase in cash and cash equivalents | 42,952 | 196,673 | 239,625 | 292,143 | 0 |
| Cash and cash equivalents - January 1 | 216,515 | 285,707 | 502,222 | 210,079 | - |
| Cash and cash equivalents - December 31 | \$259,467 | \$482,380 | \$741,847 | \$502,222 | \$0 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$57,884 | \$249,068 | \$306,952 | \$95,894 | \$683,441 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | | |
| Depreciation | 112,513 | 52,363 | 164,876 | 166,826 | - |
| Miscellaneous revenue | 106 | 2,325 | 2,431 | 4,825 | - |
| Intergovernmental revenue | - | - | - | - | 25,386 |
| Changes in assets and liabilities: | | | | | |
| Decrease (increase) in receivables | (1,921) | (43,933) | (45,854) | (5,377) | - |
| Decrease (increase) in prepaid items | (15,489) | 1,529 | (13,960) | (493) | - |
| Decrease (increase) in deferred outflows of resources | - | - | - | - | (2,252,586) |
| Increase (decrease) in unearned revenue | 7,089 | - | 7,089 | 7,283 | - |
| Increase (decrease) in payables | (5,891) | (58,739) | (64,630) | 96,313 | (1,639,568) |
| Increase (decrease) in deferred inflows of resources | - | - | - | - | 3,183,327 |
| Total adjustments | 96,407 | (46,455) | 49,952 | 269,377 | (683,441) |
| Net cash provided by operating activities | \$154,291 | \$202,613 | \$356,904 | \$365,271 | \$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, 2021
 With Comparative Totals For December 31, 2020

Item 1.

Statement 9

| | <u>2021</u> | <u>2020</u> |
|--------------------------|---------------|---------------|
| Assets: | | |
| Cash and investments | \$95,786 | \$90,727 |
| Receivables: | | |
| Accounts | - | - |
| Prepaid items | 580 | - |
| Total assets | <u>96,366</u> | <u>90,727</u> |
| Liabilities: | | |
| Accounts payable | 96,366 | 90,727 |
| Due to other governments | - | - |
| Total liabilities | <u>96,366</u> | <u>90,727</u> |
| Net position: | | |
| Restricted | <u>\$0</u> | <u>\$0</u> |

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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, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 10

| | 2021 | 2020 |
|---|----------------|----------------|
| Additions: | | |
| Lodging tax collections | \$356,555 | \$252,385 |
| Cable franchise fee collections | 259,158 | 314,553 |
| Total additions | <u>615,713</u> | <u>566,938</u> |
| Deductions: | | |
| Payments to other entities | 589,062 | 546,532 |
| Administrative fees | 26,651 | 20,406 |
| Total deductions | <u>615,713</u> | <u>566,938</u> |
| Net increase (decrease) in fiduciary net position | - | - |
| Net position - beginning | - | - |
| Net position - ending | <u>\$ -</u> | <u>\$ -</u> |

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CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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* accounts for the accumulation of resources for capital improvement replacement.

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

The *2021 Infrastructure Bonds Fund* accounts for Projects to be funded by the Improvement Bonds.

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

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 do not involve measurement of results of operation.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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.

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
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The following is a listing of Funds whose expenditures exceeded budgeted appropriations:

| | Final Budget | Actual | Amount Over Budget |
|------------------|-----------------|--------------|-----------------------|
| Major Funds: | | | |
| General fund | \$ 9,348,650 | \$ 9,821,468 | \$ 472,818 |
| Nonmajor Funds: | | | |
| IRA Civic Center | 601,753 | 614,736 | 12,983 |
| Haz-Mat | 60,000 | 65,057 | 5,057 |
| Airport | 231,740 | 248,103 | 16,363 |
| Cemetery | 249,612 | 341,635 | 92,023 |

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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.

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. 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 |

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.

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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

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. 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 2022, 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

N. 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.

O. 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.

P. 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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.

Q. 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 2021 are described in Notes 19 and 20.

R. 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.

S. UTILITY REVENUE RECOGNITION

Billings are rendered and recorded monthly based on metered usage.

T. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

U. COMPARATIVE TOTALS

The basic fund financial statements and combining and individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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V. 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 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.

W. PENSION PLANS

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 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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 market 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 118.A.03 identifies allowable forms of collateral.

At December 31, 2021 the carrying amount of the City's deposits with financial institutions was \$9,770,709.

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 market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2021, the bank balance of the City's deposits was \$9,988,575 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, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

As of December 31, 2021, 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 | \$7,335,000 | \$1,205,000 | \$4,095,000 | \$2,035,000 |
| Money Market Mutual Fund | AAAm | 8,258 | 8,258 | - | - |
| Total | | <u>\$7,343,258</u> | <u>\$1,213,258</u> | <u>\$4,095,000</u> | <u>\$2,035,000</u> |
| NR - Not Rated | | | Total investments | | \$7,343,258 |
| | | | Deposits | | 9,770,709 |
| | | | Petty cash | | 1,040 |
| | | | Total cash and investments | | <u>\$17,115,007</u> |

CITY OF GRAND RAPIDS, MINNESOTA
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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 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, 2021:

| Investment Type | 12/31/2021 | Fair Value Measurement Using | | |
|----------------------------|--------------------|------------------------------|--------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments at fair value: | | | | |
| Brokered CD's | \$7,335,000 | \$ - | \$7,335,000 | \$ - |
| Other | 8,258 | - | 8,258 | - |
| Total | <u>\$7,343,258</u> | <u>\$ -</u> | <u>\$7,343,258</u> | <u>\$ -</u> |

Following is a reconciliation of the City's cash and investment balances as of December 31, 2021:

| | |
|--|---------------------|
| Cash and investments - primary government: | |
| Governmental and business-type (Statement 1) | \$16,135,078 |
| Fiduciary (Statement 9) | 95,786 |
| Cash and investments - EDA (Statement 1) | <u>884,143</u> |
| | <u>\$17,115,007</u> |

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

CITY OF GRAND RAPIDS, MINNESOTA
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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, 2021 for the Public Utilities Commission are as follows:

| | |
|---|------------|
| Demand deposits and cash on hand | \$ - |
| Certificates of deposits - negotiable | - |
| Total cash and investments | - |
| Less restricted amounts | - |
| Total cash and investments - unrestricted | <u>\$0</u> |

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2021 are as follows:

| | Primary Government | | | | |
|--------------------------------|--------------------|------------------------|--------------------|--------------------|--------------------|
| | Major Funds | | | | |
| | General | Storm Water Utility | Nonmajor Funds | Total | EDA |
| Special assessments receivable | \$51,719 | \$768 | \$1,224,758 | \$1,277,245 | \$ - |
| Property taxes receivable | 119,919 | - | 15,579 | 135,498 | - |
| Interfund loan receivable | 1,219,669 | - | - | 1,219,669 | - |
| Pledges Receivable | - | - | 14,837 | 14,837 | - |
| Notes receivable | 300,000 | - | - | 300,000 | 1,022,320 |
| | <u>\$1,691,307</u> | <u>\$768</u> | <u>\$1,255,174</u> | <u>\$2,947,249</u> | <u>\$1,022,320</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, 2021, outstanding pledges receivable were \$14,837.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 | \$307,111 | \$62,272 | \$ - | \$300,000 | \$ - | \$669,383 |
| Nonmajor Funds | 39,898 | 2,536,568 | - | - | 26,421 | 2,602,887 |
| Total primary government | 347,009 | 2,598,840 | 0 | 300,000 | 26,421 | 3,272,270 |
| EDA (discretely presented component unit) | - | - | 3,401,507 | 1,055,417 | - | 4,456,924 |
| Total unavailable revenue | \$347,009 | \$2,598,840 | \$3,401,507 | \$1,355,417 | \$26,421 | \$7,729,194 |

Note 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City has approved four 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, 2021 is as follows:

| | Interfund Loan Receivable | Interfund Loan Payable |
|-------------------------------|---------------------------|------------------------|
| Major funds: | | |
| General Fund | \$1,479,969 | \$ - |
| Capital Equipment Replacement | - | 1,330,781 |
| Pokegama Golf Course | - | 97,114 |
| Nonmajor funds: | | |
| Special revenue funds: | | |
| IRA Civic Center | - | 52,074 |
| Total | \$1,479,969 | \$1,479,969 |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as due to/from other funds at December 31, 2021 are as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| Major Funds: | | |
| General Fund | \$1,621,952 | \$ - |
| Nonmajor Funds: | | |
| Special Revenue Funds: | | |
| Haz-Mat | - | 10,805 |
| Public Library | - | 1,664 |
| Central School | - | 4,500 |
| Capital Project Funds: | | |
| Airport Capital Fund | - | 224,853 |
| IRA Civic Center Projects | - | 36,973 |
| GR/Cohasset Industrial Park | - | 79,299 |
| 2022 Infrastructure Bonds | - | 1,263,858 |
| Total | <u>\$1,621,952</u> | <u>\$1,621,952</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.

Amounts reported as interfund transfers at December 31, 2021 are as follows:

| | <u>Transfers In</u> | | | <u>Total</u> |
|------------------------------------|-------------------------|---|--|--------------------|
| | <u>General Fund</u> | <u>Capital Equipment Replacement Fund</u> | <u>Nonmajor Governmental Funds</u> | |
| Transfers out: | | | | |
| General Fund | \$ - | \$280,622 | \$485,734 | \$766,356 |
| Capital Equipment Replacement Fund | 82,585 | - | - | 82,585 |
| 2021 Infrastructure Bonds | - | - | 86,592 | 86,592 |
| Nonmajor Governmental Funds | - | - | 362,379 | 362,379 |
| Total | <u>\$82,585</u> | <u>\$280,622</u> | <u>\$934,705</u> | <u>\$1,297,912</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 2021, the City made transfers from the General Fund to Special Revenue Funds (\$108,494) to provide ongoing support, to the Improvement Refunding Bonds of 2013B Debt Service Fund (\$150,000) as part of its debt financing plan, and to Capital Project Funds (\$280,622) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$236,252) and debt service purposes (82,425).

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

| Primary Government | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$7,080,791 | \$14,505 | \$ - | \$7,095,296 |
| Artwork | 19,800 | - | - | 19,800 |
| Construction in progress | 8,462,187 | 11,159,393 | (6,558,195) | 13,063,385 |
| Total capital assets, not being depreciated | <u>15,562,778</u> | <u>11,173,898</u> | <u>(6,558,195)</u> | <u>20,178,481</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 28,769,039 | 1,493,587 | (38,749) | 30,223,877 |
| Vehicles, equipment and furniture | 13,176,905 | 835,881 | (483,609) | 13,529,177 |
| Infrastructure | 75,497,381 | 4,932,602 | (75,705) | 80,354,278 |
| Total capital assets, being depreciated | <u>117,443,325</u> | <u>7,262,070</u> | <u>(598,063)</u> | <u>124,107,332</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 19,000,779 | 649,275 | (25,564) | 19,624,490 |
| Vehicles, equipment and furniture | 8,557,024 | 743,145 | (476,448) | 8,823,721 |
| Infrastructure | 39,863,023 | 2,366,888 | (59,931) | 42,169,980 |
| Total accumulated depreciation | <u>67,420,826</u> | <u>3,759,308</u> | <u>(561,943)</u> | <u>70,618,191</u> |
| Total capital assets being depreciated - net | <u>50,022,499</u> | <u>3,502,762</u> | <u>(36,120)</u> | <u>53,489,141</u> |
| Governmental activities capital assets - net | <u>\$65,585,277</u> | <u>\$14,676,660</u> | <u>(\$6,594,315)</u> | <u>\$73,667,622</u> |
| | | | | |
| Primary Government | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$910,812 | \$8,874 | \$ - | \$919,686 |
| Total capital assets, not being depreciated | <u>910,812</u> | <u>8,874</u> | <u>0</u> | <u>919,686</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 2,380,914 | 64,403 | - | 2,445,317 |
| Machinery, equipment and furniture | 1,396,788 | 109,807 | - | 1,506,595 |
| Total capital assets, being depreciated | <u>3,777,702</u> | <u>174,210</u> | <u>0</u> | <u>3,951,912</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,019,212 | 65,773 | - | 1,084,985 |
| Machinery, equipment and furniture | 930,701 | 99,103 | - | 1,029,804 |
| Total accumulated depreciation | <u>1,949,913</u> | <u>164,876</u> | <u>0</u> | <u>2,114,789</u> |
| Total capital assets being depreciated - net | <u>1,827,789</u> | <u>9,334</u> | <u>0</u> | <u>1,837,123</u> |
| Business-type activities capital assets - net | <u>\$2,738,601</u> | <u>\$18,208</u> | <u>\$0</u> | <u>\$2,756,809</u> |

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

| | |
|---|---------------------------|
| Governmental activities: | |
| General government | \$157,491 |
| Public safety | 273,584 |
| Public works, including depreciation of general infrastructure assets | 3,007,705 |
| Culture and recreation | 320,528 |
| Total depreciation expense - governmental activities | <u><u>\$3,759,308</u></u> |
| Business-type activities: | |
| Golf course | \$112,513 |
| Storm water utility | 52,363 |
| Total depreciation expense - business-type activities | <u><u>\$164,876</u></u> |

Note 7 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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As of December 31, 2021, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

| | Interest Rates | Issue Date | Maturity Date | Original Issue | Payable 12/31/2021 |
|--|----------------|------------|---------------|----------------|--------------------|
| Primary Government | | | | | |
| <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 | \$615,000 |
| G.O. Improvement Bonds: | | | | | |
| Improvement Bonds of 2007B | 4.00 - 4.10 | 12/15/2007 | 4/1/2022 | 1,150,000 | 75,000 |
| Improvement Bonds of 2009C | 1.85 - 4.30 | 9/1/2009 | 2/1/2025 | 4,565,000 | 1,405,000 |
| Improvement Bonds of 2010A | 0.75 - 3.625 | 11/1/2010 | 2/1/2026 | 1,115,000 | 310,000 |
| Improvement Refunding Bonds of 2011B | 0.50 - 3.15 | 12/1/2011 | 2/1/2027 | 1,555,000 | 440,000 |
| Improvement Bonds of 2012A | 0.50 - 3.25 | 4/1/2012 | 2/1/2028 | 2,245,000 | 1,110,000 |
| Improvement Bonds of 2012B | 0.40 - 2.60 | 4/1/2012 | 10/1/2027 | 4,175,000 | 1,785,000 |
| Improvement Bonds of 2013A | 0.30 - 1.35 | 5/8/2013 | 2/1/2021 | 1,525,000 | - |
| Improvement Bonds of 2014A | 0.50 - 2.90 | 11/1/2014 | 2/1/2030 | 3,000,000 | 1,630,000 |
| Improvement Refunding Bonds of 2017B | 2.30 - 3.00 | 12/28/2017 | 2/1/2034 | 2,215,000 | 895,000 |
| Improvement Bonds of 2021B | 2.00 - 2.75 | 7/1/2021 | 2/1/2042 | 6,255,000 | 6,255,000 |
| Total G.O. Improvement Bonds | | | | 27,800,000 | 13,905,000 |
| Other General Obligation Bonds: | | | | | |
| Street Reconstruction Bonds of 2013B | 3.00 - 3.50 | 9/1/2013 | 2/1/2029 | 4,025,000 | 2,360,000 |
| Street Reconstruction Bonds of 2016A | 0.85 - 2.20 | 10/5/2016 | 2/1/2032 | 2,170,000 | 1,660,000 |
| Street Reconstruction Bonds of 2017A | 3.00 - 3.50 | 9/7/2017 | 2/1/2033 | 2,130,000 | 1,795,000 |
| Street Reconstruction Bonds of 2018A | 3.00 - 3.25 | 10/18/2018 | 2/1/2034 | 1,960,000 | 1,755,000 |
| Street Reconstruction Bonds of 2020A | 1.60 - 2.00 | 11/5/2020 | 2/1/2036 | 2,275,000 | 2,275,000 |
| G.O. Abatement Bonds of 2019A | 2.00 - 3.00 | 9/5/2019 | 2/1/2035 | 1,585,000 | 1,515,000 |
| Total other general obligation bonds | | | | 14,145,000 | 11,360,000 |
| Total bonded debt - governmental activities | | | | 42,650,000 | 25,880,000 |
| Bond premium | | | | 590,533 | 806,627 |
| Compensated absences | | | | 513,331 | 530,174 |
| Total governmental activities | | | | \$43,753,864 | \$27,216,801 |
| <u>Business-Type Activities:</u> | | | | | |
| Compensated absences | | | | \$8,527 | \$13,381 |
| Capital lease payable | 3.84 | 7/20/2017 | 7/19/2021 | 142,747 | - |
| Total business-type activities | | | | \$151,274 | \$13,381 |
| <u>Component Units:</u> | | | | | |
| EDA: | | | | | |
| Note payable - Airport Ind Park/Kent | 0.00 | 7/16/2015 | 7/16/2035 | \$350,000 | \$245,000 |
| 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 | 73,630 |
| Note payable - IRRRB | 1.00 | 12/2/2016 | 8/1/2036 | 293,000 | 268,091 |
| Note payable - IEDC | 1.00 | 11/15/2016 | 11/1/2026 | 90,000 | 46,085 |
| Note payable - EWCL | 0.00 | 4/1/2020 | 10/1/2026 | 650,000 | 510,359 |
| Note payable - Blandin | 0.00 | 1/29/2021 | 1/29/2026 | 140,000 | 140,000 |
| Special assessment payable | | | | 679,180 | 657,883 |
| Total EDA | | | | 2,477,180 | 2,041,048 |
| Public Utilities: | | | | | |
| Equipment lease payable | 2.64 | 10/15/2015 | 10/15/2025 | 2,061,820 | 964,292 |
| Taxable G.O. Wastewater Revenue Note of 2009E | 2.90 | 11/10/2009 | 8/20/2029 | 26,370,232 | 13,781,000 |
| Taxable G.O. Wastewater Revenue Bonds of 2011A | 0.60 - 3.50 | 9/1/2011 | 12/1/2021 | 3,965,000 | 500,000 |
| G.O. Utility Revenue Bonds of 2012D | 2.00 - 3.35 | 4/1/2012 | 2/1/2033 | 2,025,000 | 1,370,000 |
| G.O. Utility Revenue Bonds of 2013C | 2.00 - 4.50 | 7/15/2013 | 2/1/2029 | 2,305,000 | 1,550,000 |
| Total public utilities | | | | 36,727,052 | 18,165,292 |
| Total component units | | | | \$39,204,232 | \$20,206,340 |

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December 31, 2021

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 |
| 2022 | \$35,000 | \$17,050 | \$1,610,000 | \$367,140 | \$850,000 | \$286,503 |
| 2023 | 40,000 | 15,925 | 1,665,000 | 305,436 | 885,000 | 263,153 |
| 2024 | 35,000 | 14,800 | 1,565,000 | 254,672 | 910,000 | 239,002 |
| 2025 | 40,000 | 13,815 | 1,435,000 | 205,138 | 935,000 | 214,152 |
| 2026 | 40,000 | 12,895 | 1,020,000 | 166,823 | 975,000 | 188,027 |
| 2027 | 45,000 | 11,918 | 990,000 | 138,778 | 980,000 | 160,896 |
| 2028 | 45,000 | 10,725 | 610,000 | 116,173 | 1,020,000 | 132,602 |
| 2029 | 50,000 | 9,300 | 450,000 | 101,171 | 1,050,000 | 103,312 |
| 2030 | 55,000 | 7,725 | 465,000 | 88,421 | 730,000 | 79,708 |
| 2031 | 50,000 | 6,150 | 305,000 | 78,850 | 745,000 | 61,831 |
| 2032 | 55,000 | 4,575 | 310,000 | 72,700 | 765,000 | 43,564 |
| 2033 | 60,000 | 2,850 | 320,000 | 66,400 | 610,000 | 26,258 |
| 2034 | 65,000 | 975 | 325,000 | 59,950 | 445,000 | 13,185 |
| 2035 | - | - | 330,000 | 53,400 | 290,000 | 5,374 |
| 2036 | - | - | 335,000 | 46,750 | 170,000 | 1,360 |
| 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 | \$615,000 | \$128,703 | \$13,905,000 | \$2,254,402 | \$11,360,000 | \$1,818,927 |

| Year Ending December 31, | Revenue Bonds and Notes | |
|-----------------------------|-------------------------|--------------------|
| | PUC Component Unit | |
| | Principal | Interest |
| 2022 | \$1,781,000 | \$482,144 |
| 2023 | 1,835,000 | 430,032 |
| 2024 | 1,891,000 | 375,787 |
| 2025 | 1,943,000 | 319,585 |
| 2026-2030 | 8,579,000 | 684,462 |
| 2031-2033 | 210,000 | 15,226 |
| Total | \$16,239,000 | \$2,307,236 |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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| Year Ending December 31, | Revenue Bonds and Notes | |
|-----------------------------|-------------------------|------------|
| | EDA Component Unit | |
| | Principal | Interest |
| 2022 | \$ - | \$ - |
| 2023 | - | - |
| 2024 | - | - |
| 2025 | - | - |
| 2026-2030 | - | - |
| 2031-2033 | - | - |
| Total | \$0 | \$0 |

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021, was as follows:

| | Balance 12/31/20 | Additions | Reductions | Balance 12/31/21 | Due Within One Year |
|--|---------------------|--------------------|----------------------|---------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Bonds payable: | | | | | |
| G.O. Tax increment bonds | \$650,000 | \$ - | (\$35,000) | \$615,000 | \$35,000 |
| G.O. Improvement bonds | 9,425,000 | 6,255,000 | (1,775,000) | 13,905,000 | 1,610,000 |
| Other G.O. bonds | 12,065,000 | - | (705,000) | 11,360,000 | 850,000 |
| Bond premium | 477,600 | 370,304 | (41,277) | 806,627 | - |
| Capital lease payable | - | - | - | - | - |
| Compensated absences | 513,331 | 83,513 | (66,670) | 530,174 | 47,071 |
| Total governmental activities | <u>\$23,130,931</u> | <u>\$6,708,817</u> | <u>(\$2,622,947)</u> | <u>\$27,216,801</u> | <u>\$2,542,071</u> |
| <u>Business Type Activities:</u> | | | | | |
| Capital lease payable | \$29,621 | \$ - | (\$29,621) | \$ - | \$ - |
| Compensated absences | 8,527 | 5,286 | (432) | 13,381 | 1,769 |
| Total business-type activities | <u>\$38,148</u> | <u>\$5,286</u> | <u>(\$30,053)</u> | <u>\$13,381</u> | <u>\$1,769</u> |
| <u>Component Units:</u> | | | | | |
| Note payables - EDA | \$1,453,655 | \$140,000 | (\$210,490) | \$1,383,165 | \$43,193 |
| Assessment payable - EDA | 679,180 | - | (21,297) | 657,883 | - |
| G.O. Revenue bonds and notes - PUC | 17,201,000 | - | - | - | - |
| Equipment lease payable - PUC | 964,292 | - | - | - | - |
| Unamortized premiums and discounts - PUC | 201 | - | - | - | - |
| Compensated absences - PUC | 342,952 | - | - | - | - |
| Total component units | <u>\$20,641,280</u> | <u>\$140,000</u> | <u>(\$231,787)</u> | <u>\$2,041,048</u> | <u>\$43,193</u> |

For the governmental activities, compensated absences are generally liquidated by the General Fund.

CAPITAL LEASE PAYABLE

During 2017, the City entered into an equipment lease with TCF Equipment Finance relating to the use of equipment for the golf course. This agreement qualifies as a capital lease with an interest rate of 3.84%. The cost of the assets acquired through the lease was \$142,747 and accumulated depreciation on these assets at December 31, 2021 is \$76,057. Depreciation in the amount of \$16,829 has been recorded as depreciation expense during 2021.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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 2016, the EDA entered into a \$293,000 loan agreement with the IRRRB. The proceeds were used to finance the acquisition of an airport hangar. The note is to be repaid from all net lease revenues from the hangar.

In 2016, the EDA entered into a \$90,000 loan agreement with Itasca Economic Development Corporation. The proceeds of the note were used for the acquisition of an airport hangar. The note is payable in annual installments of \$9,502 including interest at 1.0%.

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%.

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
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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, 2021, the outstanding balance on the note was \$13,781,000.

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.

LEASE PURCHASE AGREEMENT

In 2015, the City entered into a Lease Purchase Agreement with US Bancorp Government Leasing and Finance, Inc. for the purchase of an Automated Meter Reading System (System). The agreement qualifies as a capital lease. The Lease Purchase Agreement provides for a ten-year lease in the principal amount of \$1,700,000 at an interest rate not to exceed 2.64% per annum, with a bargain purchase option of \$1 at the end of the lease term. Upon purchase, the City will transfer title of the System to the Public Utilities Commission. As of December 31, 2021, the outstanding balance on the note was \$905,653.

The City has the right to terminate the Lease Purchase Agreement, in accordance with the terms thereof, at the end of any fiscal year.

Net revenues of the Public Utilities Commission are pledged to make lease payments under the Lease Purchase agreement.

In accordance with Generally Accepted Accounting Principles, the Lease Purchase Agreement is recorded in the financial statements of the Public Utilities Commission.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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 | \$79,613 | \$79,613 |
| G.O. Improvement, 2009C (Build America Bond) | Infrastructure improvements | Special assessments Federal BAB credit Ad Valorem Taxes | 24% 10% 66% | 2010-2024 | \$1,554,537 | \$405,964 | \$338,250 |
| G.O. Improvement, 2010A | Infrastructure improvements, refund existing debt | Special assessments Ad Valorem Taxes | 34% 66% | 2012-2026 | \$337,886 | \$71,575 | \$61,009 |
| G.O. Improvement, 2011B | Infrastructure improvements, refund existing debt | Special assessments Ad Valorem Taxes | 56% 46% | 2012-2026 | \$481,254 | \$83,660 | \$55,340 |
| G.O. Improvement, 2012A | Infrastructure improvements | Special assessments Ad Valorem Taxes | 32% 68% | 2013-2027 | \$1,235,723 | \$179,100 | \$106,650 |
| G.O. Improvement, 2012B | Street reconstruction | MSA allotments | 100% | 2013-2027 | \$1,915,693 | \$322,908 | \$322,908 |
| G.O. Improvement, 2013A | Refunded 2004A and 2005A Bonds | Special assessments Ad Valorem Taxes | 41% 59% | 2014-2021 | \$ - | \$176,181 | \$ - |
| G.O. Street Reconstruction, 2013B | Street reconstruction | Ad Valorem Taxes | 100% | 2014-2029 | \$2,686,631 | \$339,488 | \$124,179 |
| G.O. Improvement, 2014A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 20% 80% | 2014-2029 | \$1,811,235 | \$245,770 | \$236,692 |
| G.O. Street Reconstruction, 2016A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 80% 20% | 2016-2032 | \$1,855,900 | \$170,210 | \$174,769 |
| G.O. Street Reconstruction, 2017A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 13% 87% | 2018-2033 | \$2,167,112 | \$183,800 | \$190,294 |
| 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 | \$1,670,878 | \$526,550 | \$264,385 |
| G.O. Improvement, 2018A | Street reconstruction, abatement, CIP Projects, and equipment | Ad Valorem Taxes Special assessments | 81% 19% | 2018-2033 | \$2,128,619 | \$170,513 | \$156,482 |
| G.O. Improvement, 2019A | Abatement Bond | Ad Valorem Taxes Taxabatement | 92% 8% | 2019-2035 | \$1,773,915 | \$108,980 | \$100,462 |
| G.O. Street Reconstruction, 2020A | CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 92% 8% | 2020-2036 | \$2,566,749 | \$29,454 | \$162,700 |
| G.O. Improvement, 2021B | CIP projects, Abatement Bond | Ad Valorem Taxes Taxabatement | 80% 20% | 2022-2042 | \$7,819,362 | \$ - | \$ - |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

Note 8 **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% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary 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. For 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

CITY OF GRAND RAPIDS, MINNESOTA
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from the delay to normal retirement, 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.

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. For 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 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2021 were \$292,388. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70%. The City's contributions to the PEPFF for the year ended December 31, 2021 were \$281,680. 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, 2021, the City reported a liability of \$2,233,444 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 \$68,208. The net pension liability was measured as of June 30, 2021, 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 proportion 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, 2020 through June 30,

CITY OF GRAND RAPIDS, MINNESOTA
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2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0523% at the end of the measurement period and 0.0524% for the beginning of the period.

| | |
|--|--------------------|
| City's proportionate share of the net pension liability | \$2,233,444 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 68,208 |
| Total | <u>\$2,301,652</u> |

For the year ended December 31, 2021, the City recognized pension expense of \$11,810 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$5,503 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2021, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$13,708 | \$68,350 |
| Changes in actuarial assumptions | 1,363,695 | 49,390 |
| Net collective between projected and actual investment earnings | - | 1,934,726 |
| Changes in proportion | 41,300 | 26,015 |
| Contributions paid to PERA subsequent to the measurement date | 159,996 | - |
| Total | <u>\$1,578,699</u> | <u>\$2,078,481</u> |

The \$159,996 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Pension Expense</u> |
|------------------------------------|----------------------------|
| 2022 | (\$99,147) |
| 2023 | (14,276) |
| 2024 | (18,781) |
| 2025 | (527,574) |
| 2026 | - |
| Thereafter | - |

CITY OF GRAND RAPIDS, MINNESOTA
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2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$1,001,918 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1298% at the end of the measurement period and 0.1315% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets 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, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City recognized pension expense of \$8,201 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional (\$134,887) 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 also recognized \$11,682 for the year ended December 31, 2021 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.

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At December 31, 2021, 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 | \$191,861 | \$ - |
| Changes in actuarial assumptions | 1,472,558 | 528,854 |
| Net collective between projected and actual investment earnings | - | 1,912,724 |
| Changes in proportion | 19,098 | 96,583 |
| Contributions paid to PERA subsequent to the measurement date | 156,529 | - |
| Total | <u>\$1,840,046</u> | <u>\$2,538,161</u> |

The \$156,529 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

| Year Ended December 31, | Pension Expense |
|----------------------------|--------------------|
| 2022 | (\$681,907) |
| 2023 | (147,446) |
| 2024 | (132,650) |
| 2025 | (211,938) |
| 2026 | 319,297 |
| Thereafter | - |

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021 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.

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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 29 years of service and 6.0% per year thereafter. 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. Cost of living benefit increases after retirement are assumed to be 1.25% per year for GERF and 1.0% per year for PEPFF.

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 2021:

General Employees Fund

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.

Police and Fire Fund

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%.

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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 used to measure the total pension liability in 2021 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 and the PEPFF 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.

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 | \$4,555,086 | \$2,233,444 | \$328,395 |
| City's proportionate share of the PEPFF net pension liability | \$3,180,922 | \$1,001,918 | (\$784,324) |

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.

CITY OF GRAND RAPIDS, MINNESOTA
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I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2021 is as follows:

| | |
|-----------------------|--------------------|
| GERF | \$11,810 |
| PEPFF | (134,887) |
| Fire Relief (note 10) | (22,653) |
| Total | <u>(\$145,730)</u> |

Note 9 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.

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 2021 were:

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

Note 10 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 69.

CITY OF GRAND RAPIDS, MINNESOTA
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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 \$5,500 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 market value of the member’s separate investment vehicle.

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 service |
|---|---------------|---|---------------|---|

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.

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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.

C. EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2021, the following employees were covered by the benefit terms:

| | |
|---|----|
| Retired members entitled to benefits, but have not received them | 10 |
| Current members: | |
| Fully vested (20 years or more) | 1 |
| Partially vested (10 years to 19 years) | 12 |
| Nonvested (less than 10 years) | 18 |
| Total | 41 |

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, 2021, were \$5,500. State aid contributions for the year ended December 31, 2021, were \$137,585.

E. NET PENSION LIABILITY

The City’s net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021.

CITY OF GRAND RAPIDS, MINNESOTA
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F. ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|-------|
| Investment rate of return | 5.00% |
| 20-year municipal bond yield | N/A |
| Projected salary increases | 2.50% |
| Inflation | None |
| Cost-of-living adjustments | 5.00% |
| Age of service retirement | 50 |
| Post retirement benefit increase | 5.00% |

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.

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 | 6% | 1.80% |
| Fixed income | 49% | 3.20% |
| Equities | 44% | 7.20% |
| Other | 1% | 7.00% |
| Total portfolio | 100% | 5.00% |

G. DISCOUNT RATES

The discount rate used to measure the total pension liability was 5.00%. 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

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plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. CHANGES IN THE NET PENSION LIABILITY

| | Increase (Decrease) | | |
|---------------------------------------|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balance at January 1, 2020 | \$1,466,417 | \$2,791,699 | (\$1,325,282) |
| Changes for the year: | | | |
| Service cost | 75,628 | - | 75,628 |
| Interest | 88,668 | - | 88,668 |
| Assumption changes | 46,936 | - | 46,936 |
| Loss | - | - | - |
| Contributions - employer | - | 5,000 | (5,000) |
| On behalf contributions - State of MN | - | 137,585 | (137,585) |
| Contributions - employee | - | - | - |
| Net investment income | - | 242,051 | (242,051) |
| Benefit payments | - | - | - |
| Administrative expense | - | (12,022) | 12,022 |
| Gain or loss | 69,157 | - | 69,157 |
| Net changes | 280,389 | 372,614 | (92,225) |
| Balance at December 31, 2020 | \$1,746,806 | \$3,164,313 | (\$1,417,507) |

I. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.00 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

| | 1% Decrease in Discount Rate (4.00%) | Discount Rate (5.00%) | 1% Increase in Discount (6.00%) |
|-------------------------------|--|--------------------------|---------------------------------------|
| Net pension liability (asset) | (\$1,352,377) | (\$1,417,507) | (\$1,479,729) |

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, 18 NE 5th 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, 2021, the City recognized pension expense of (\$22,653). The City also recognized \$137,585 for the year ended December 31, 2021, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2021, 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 |
|---|-----------------------------------|----------------------------------|
| Differences between projected and actual economic investment earnings | \$ - | \$134,042 |
| Liability gains | 60,512 | 26,287 |
| Assumption changes | 58,931 | 3,260 |
| Total | <u>\$119,443</u> | <u>\$163,589</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 |
|----------------------------|-------------------|
| 2022 | \$1,391 |
| 2023 | (54,755) |
| 2024 | (499) |
| 2025 | 15,056 |
| 2026 | |
| Thereafter | 29,566 |

Note 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 8 and 9, 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

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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).

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, 2021, the following employees were covered by the benefit terms:

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

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D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$19,792 was measured as of January 1, 2021, and was determined by an actuarial valuation dated January 1, 2021. Changes in the total OPEB liability during 2021 were:

| | |
|--|------------------------|
| Balance - beginning of year | <u>\$21,193</u> |
| Changes for the year: | |
| Service cost | 1,966 |
| Interest cost | 672 |
| Plan changes | - |
| Differences between expected and actual experience | (3,354) |
| Changes in assumptions | (685) |
| Benefit payments | - |
| Net changes | <u>(1,401)</u> |
| Balance - end of year | <u><u>\$19,792</u></u> |

There were no plan changes since the measurement date of January 1, 2021.

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, tax exempt, municipal bonds as of the measurement date.

Mortality rates were based on the RP-2014 White Collar Mortality tables with MP-2018 generational improvements scale (Blue Collar tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2021 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

Changes in assumptions and other inputs since the prior measurements date are as follows:

- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale
- The retirement and withdrawal tables for police and fire employees were updated.
- The inflation rate changed from 2.50% to 2.00%

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- The salary increases were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 2.90% to 2.00%.
- These changes increased the liability \$685.

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 | \$21,440 | \$19,792 | \$18,231 |

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 | \$19,792 | \$19,792 | \$19,792 |

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

For the year ended December 31, 2021, the City recognized \$79 of OPEB expense. At December 31, 2021 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 experience | \$ - | \$10,117 |
| Changes in assumptions | 1,071 | 1,804 |
| Total | <u>\$1,071</u> | <u>\$11,921</u> |

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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 |
|----------------------------|---------------------------|
| 2022 | (\$2,559) |
| 2023 | (2,561) |
| 2024 | (2,626) |
| 2025 | (2,618) |
| 2026 | (486) |

Note 12 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.

The City has five 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 \$28,152. At December 31, 2021, the principal amount outstanding on the note was \$307,500.

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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 \$15,538. At December 31, 2021, 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 \$31,896. At December 31, 2021, the principal amount outstanding on the note was \$220,933.

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 payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,420. At December 31, 2021, the principal amount outstanding on the note was \$225,389.

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 abatements for 2018 and 2020 (TIF note payments) amounted to \$28,739. At December 31, 2021, the principal amount outstanding on the note was \$241,730.

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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, 2021, the principal amount outstanding on the note was \$372,000.

1st 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 \$44,049. At December 31, 2021, the principal amount outstanding on the note was \$96,806.

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 13 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

Note 14 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 \$645,588 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 \$ _____ and \$99,663

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 15 FUND BALANCE

A. CLASSIFICATIONS

Definitions of fund balance classifications are included in Note 1P. At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

| | General Fund | Capital Equipment Replacement | 2021 Infrastructure Bonds | Airport Capital | Civic Center Capital Improvements | Other Governmental Funds | Total |
|----------------------------------|--------------|-------------------------------|---------------------------|-----------------|-----------------------------------|--------------------------|--------------|
| Nonspendable: | | | | | | | |
| Prepaid items | \$173,023 | \$ - | \$ - | \$ - | \$ - | \$45,109 | \$218,132 |
| Interfund loans receivable | 1,479,970 | - | - | - | - | - | 1,479,970 |
| Restricted: | | | | | | | |
| Debt service | - | - | - | - | - | 6,076,896 | 6,076,896 |
| Law enforcement | - | - | - | - | - | 79,211 | 79,211 |
| Other purposes | 39,516 | - | - | - | - | 126,038 | 165,554 |
| Committed: | | | | | | | |
| Revenue stabilization | 1,049,832 | - | - | - | - | - | 1,049,832 |
| Public library | - | - | - | - | - | 644,224 | 644,224 |
| Central school | - | - | - | - | - | 72,459 | 72,459 |
| Airport operations | - | - | - | - | - | 74,386 | 74,386 |
| Cemetery | - | - | - | - | - | 130,332 | 130,332 |
| Domestic animal control facility | - | - | - | - | - | 9,742 | 9,742 |
| Assigned: | | | | | | | |
| Capital purposes | - | - | 849,247 | 102,160 | - | 1,413,568 | 2,364,975 |
| Unassigned | 4,812,207 | (556,342) | - | - | (1,263,858) | (100,361) | 2,891,646 |
| Total | \$7,554,548 | (\$556,342) | \$849,247 | \$102,160 | (\$1,263,858) | \$8,571,604 | \$15,257,359 |

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, 2021, the unassigned fund balance of the General Fund was \$4,812,207, compared to its targeted unassigned fund balance of \$6,240,669 based on the above policy.

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

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, 2021 is as follows:

| | |
|--|-------------|
| Revenue stabilization at December 31, 2019 | \$817,236 |
| 2020 replenishment | 108,336 |
| Revenue stabilization at December 31, 2020 | 925,572 |
| 2021 replenishment | 124,260 |
| Revenue stabilization at December 31, 2021 | \$1,049,832 |

Note 16 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 2021 and 2020 were ___ and 30,004 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

B. CONSTRUCTION COMMITMENTS

The Public Utilities Commission has several active construction projects as of December 31, 2021. The remaining commitment on these projects is \$242,352.

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.

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 | \$1,626,494 |
| Post-closure care cost estimate | 1,395,580 |
| Contingency action | 618,151 |
| Total | <u>\$3,640,225</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 December 14, 2020 and December 12, 2019, Blandin Paper Company established an irrevocable letter of credit for \$3,640,225 and \$3,808,578 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

Note 17 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.

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 18 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, 2021, there were three bond issues outstanding, with an estimated aggregate principal amount payable of \$3,173,539

Note 19 OPERATING LEASE

In 1996, the City entered into an operating lease agreement with the Public Utilities Commission component unit for space in a facility owned by the Public Utilities Commission. Annual payments consist of the 48% of total operating costs of the facility.

The term of the lease is through the later of September 1, 2095. However, the City may cancel the lease on September 1 of any year by delivery of notice of termination to the Public Utilities Commission no later than the preceding July 1.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 2021 was \$873,357.

Note 21 DEFICIT FUND BALANCES

At December 31, 2021, individual funds with deficit fund balances are as follows:

| | |
|-----------------------------------|-------------|
| Special Revenue Funds: | |
| IRA Civic Center | (\$47,414) |
| Capital Project Funds: | |
| IRA Civic Center Projects | (24,824) |
| Capital Equipment Replacement | (556,342) |
| GR/Cohasset Industrial park | (129,591) |
| Civic Center Capital Improvements | (1,263,858) |

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 \$ _____ 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, and 2013C, 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 2021 and 2020 were \$ _____ and, \$2,800,010 respectively.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 23 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. 87 Leases. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91 Conduit Debt Obligations. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92 Omnibus 2020. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

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.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT 04/18/2022

CITY OF GRAND RAPIDS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | Actual Over (Under) Final Budget | 2020 Actual Amounts |
|--|-------------------|-------------------|-------------------|--|---------------------------|
| | Budgeted Amounts | | | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes: | | | | | |
| General property taxes | \$5,197,994 | \$4,951,509 | \$4,963,402 | \$11,893 | \$4,719,439 |
| Payment in lieu of taxes: | | | | | |
| Housing Authorities | 45,000 | 45,000 | 46,886 | 1,886 | 43,762 |
| Public utilities | 868,000 | 868,000 | 868,000 | - | 868,000 |
| Total taxes | <u>6,110,994</u> | <u>5,864,509</u> | <u>5,878,288</u> | <u>13,779</u> | <u>5,631,201</u> |
| Licenses and permits: | | | | | |
| Business | 39,032 | 39,032 | 45,533 | 6,501 | 34,734 |
| Nonbusiness | 262,030 | 262,030 | 339,244 | 77,214 | 415,954 |
| Total licenses and permits | <u>301,062</u> | <u>301,062</u> | <u>384,777</u> | <u>83,715</u> | <u>450,688</u> |
| Intergovernmental: | | | | | |
| Federal: | | | | | |
| Public safety grants | 30,000 | 30,000 | 6,163 | (23,837) | 951,993 |
| State: | | | | | |
| Local government aid | 1,695,670 | 1,695,670 | 1,695,670 | - | 1,615,919 |
| Market value homestead credit | - | - | 210 | 210 | 802 |
| Taconite supplemental aid | - | 246,485 | 246,485 | - | 235,811 |
| Taconite credit - mobile homes | - | - | 2,199 | 2,199 | 2,161 |
| Municipal state aid street maintenance | 186,200 | 186,200 | 186,200 | - | 186,200 |
| Police aid | 173,000 | 173,000 | 174,659 | 1,659 | 179,570 |
| Fire aid | 128,000 | 128,000 | 143,391 | 15,391 | 137,585 |
| Police training aid | 18,500 | 18,500 | 20,607 | 2,107 | 18,818 |
| PERA aid | - | - | - | - | 5,848 |
| State - miscellaneous | 500 | 500 | 432,132 | 431,632 | 304,091 |
| US Gas Tax Refund | 500 | 500 | 1,085 | 585 | - |
| Local: | | | | | |
| School District #318 | 142,331 | 142,331 | 140,475 | (1,856) | 107,167 |
| Total intergovernmental | <u>2,374,701</u> | <u>2,621,186</u> | <u>3,049,276</u> | <u>428,090</u> | <u>3,745,965</u> |
| Charges for services: | | | | | |
| General government | 200,208 | 200,208 | 207,202 | 6,994 | 189,891 |
| Public safety | 676,177 | 676,177 | 727,303 | 51,126 | 691,088 |
| Public works | 258,218 | 258,218 | 219,066 | (39,152) | 209,139 |
| Total charges for services | <u>1,134,603</u> | <u>1,134,603</u> | <u>1,153,571</u> | <u>18,968</u> | <u>1,090,118</u> |
| Fines and forfeits | 57,000 | 57,000 | 73,726 | 16,726 | 54,331 |
| Special assessments | - | - | 11,081 | 11,081 | 16,813 |
| Investment income | 45,000 | 45,000 | 43,266 | (1,734) | 47,889 |
| Miscellaneous: | | | | | |
| Donations/contributions | 11,250 | 11,250 | 27,377 | 16,127 | 600 |
| Rentals and leases | 3,000 | 3,000 | 3,542 | 542 | 3,027 |
| Other | 19,500 | 19,500 | 40,289 | 20,789 | 9,027 |
| Total miscellaneous | <u>33,750</u> | <u>33,750</u> | <u>71,208</u> | <u>37,458</u> | <u>12,654</u> |
| Total revenues | <u>10,057,110</u> | <u>10,057,110</u> | <u>10,665,193</u> | <u>608,083</u> | <u>11,049,659</u> |

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | Actual Over (Under) Final Budget | 2020 Actual Amounts |
|--|------------------|-----------|-------------------|--|---------------------------|
| | Budgeted Amounts | | | | |
| | Original | Final | | | |
| Expenditures: | | | | | |
| General government: | | | | | |
| Mayor and city council: | | | | | |
| Current: | | | | | |
| Personnel services | \$45,294 | \$45,294 | \$45,246 | (\$48) | \$45,261 |
| Materials and supplies | - | - | 278 | 278 | 24 |
| Other services and charges | 50,000 | 50,000 | 54,073 | 4,073 | 44,514 |
| Total mayor and city council | 95,294 | 95,294 | 99,597 | 4,303 | 89,799 |
| Administration: | | | | | |
| Current: | | | | | |
| Personnel services | 553,661 | 553,661 | 550,975 | (2,686) | 545,447 |
| Materials and supplies | 4,150 | 4,150 | 2,451 | (1,699) | 1,627 |
| Other services and charges | 67,356 | 67,356 | 100,012 | 32,656 | 67,237 |
| Total administration | 625,167 | 625,167 | 653,438 | 28,271 | 614,311 |
| Finance: | | | | | |
| Current: | | | | | |
| Personnel services | 518,284 | 518,284 | 516,968 | (1,316) | 506,839 |
| Materials and supplies | 3,450 | 3,450 | 2,497 | (953) | 3,661 |
| Other services and charges | 55,765 | 55,765 | 49,086 | (6,679) | 45,035 |
| Total finance | 577,499 | 577,499 | 568,551 | (8,948) | 555,535 |
| Information technology: | | | | | |
| Current: | | | | | |
| Personnel services | 220,790 | 220,790 | 236,695 | 15,905 | 217,256 |
| Materials and supplies | 11,650 | 11,650 | 10,682 | (968) | 6,103 |
| Other services and charges | 61,005 | 61,005 | 48,522 | (12,483) | 47,201 |
| Capital outlay | - | - | - | - | - |
| Total information technology | 293,445 | 293,445 | 295,899 | 2,454 | 270,560 |
| Community development: | | | | | |
| Current: | | | | | |
| Personnel services | 494,866 | 494,866 | 494,361 | (505) | 476,759 |
| Materials and supplies | 6,200 | 6,200 | 3,798 | (2,402) | 6,237 |
| Other charges and services | 36,800 | 36,800 | 21,395 | (15,405) | 32,686 |
| Capital outlay | - | - | - | - | 10,736 |
| Total community development | 537,866 | 537,866 | 519,554 | (18,312) | 526,418 |
| Building safety: | | | | | |
| Current: | | | | | |
| Personnel services | 194,164 | 194,164 | 258,232 | 64,068 | 155,243 |
| Materials and supplies | 12,300 | 12,300 | 8,415 | (3,885) | 11,264 |
| Other charges and services | 84,600 | 84,600 | 81,750 | (2,850) | 75,773 |
| Capital outlay | - | - | - | - | - |
| Total building maintenance - city hall | 291,064 | 291,064 | 348,397 | 57,333 | 242,280 |
| Total general government | 2,420,335 | 2,420,335 | 2,485,436 | 65,101 | 2,298,903 |

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Item 1.

Statement 11
Page 3 of 4

| | 2021 | | | | 2020 Actual Amounts |
|----------------------------|------------------|------------------|-------------------|--|---------------------------|
| | Budgeted Amounts | | Actual Amounts | Actual Over (Under) Final Budget | |
| | Original | Final | | | |
| Expenditures: (continued) | | | | | |
| Public safety: | | | | | |
| Police protection: | | | | | |
| Current: | | | | | |
| Personnel services | \$2,919,092 | \$2,919,092 | \$2,860,805 | (\$58,287) | \$2,792,218 |
| Materials and supplies | 110,300 | 110,300 | 108,797 | (1,503) | 94,386 |
| Other charges and services | 243,088 | 243,088 | 230,015 | (13,073) | 193,440 |
| Capital outlay | - | - | 42,614 | 42,614 | 28,118 |
| Total police protection | <u>3,272,480</u> | <u>3,272,480</u> | <u>3,242,231</u> | <u>(30,249)</u> | <u>3,108,162</u> |
| Fire protection: | | | | | |
| Current: | | | | | |
| Personnel services | 520,781 | 520,781 | 534,069 | 13,288 | 502,047 |
| Materials and supplies | 55,600 | 55,600 | 44,162 | (11,438) | 45,296 |
| Other charges and services | 117,464 | 117,464 | 110,583 | (6,881) | 87,230 |
| Capital outlay | - | - | - | - | - |
| Total fire protection | <u>693,845</u> | <u>693,845</u> | <u>688,814</u> | <u>(5,031)</u> | <u>634,573</u> |
| Total public safety | <u>3,966,325</u> | <u>3,966,325</u> | <u>3,931,045</u> | <u>(35,280)</u> | <u>3,742,735</u> |
| Public works: | | | | | |
| Public works: | | | | | |
| Current: | | | | | |
| Personnel services | 1,281,725 | 1,281,725 | 1,419,602 | 137,877 | 1,323,395 |
| Materials and supplies | 239,000 | 239,000 | 287,002 | 48,002 | 271,901 |
| Other services and charges | 478,100 | 478,100 | 555,238 | 77,138 | 443,564 |
| Street lighting | 240,000 | 240,000 | 238,889 | (1,111) | 173,064 |
| Total public works | <u>2,238,825</u> | <u>2,238,825</u> | <u>2,500,731</u> | <u>261,906</u> | <u>2,231,578</u> |
| Fleet maintenance: | | | | | |
| Current: | | | | | |
| Personnel services | 208,358 | 208,358 | 202,424 | (5,934) | 205,599 |
| Materials and supplies | 25,800 | 25,800 | 16,806 | (8,994) | 14,146 |
| Other services and charges | 44,400 | 44,400 | 30,207 | (14,193) | 25,841 |
| Capital outlay | - | - | 9,445 | 9,445 | 19,654 |
| Total fleet maintenance | <u>278,558</u> | <u>278,558</u> | <u>258,882</u> | <u>(19,676)</u> | <u>265,240</u> |
| Total public works | <u>2,517,383</u> | <u>2,517,383</u> | <u>2,759,613</u> | <u>242,230</u> | <u>2,477,164</u> |

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, 2021
 With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | Actual Over (Under) Final Budget | 2020 Actual Amounts |
|--------------------------------------|------------------|-----------|-------------------|--|---------------------------|
| | Budgeted Amounts | | | | |
| | Original | Final | | | |
| Expenditures: (continued) | | | | | |
| Culture and recreation: | | | | | |
| Current: | | | | | |
| Personnel services | \$83,407 | \$83,407 | \$70,580 | (\$12,827) | \$75,929 |
| Materials and supplies | 2,500 | 2,500 | 37 | (2,463) | 303 |
| Other services and charges | 9,200 | 9,200 | 5,458 | (3,742) | 6,477 |
| Capital outlay | - | - | - | - | 37,118 |
| Total culture and recreation | 95,107 | 95,107 | 76,075 | (19,032) | 119,827 |
| Miscellaneous: | | | | | |
| City-wide: | | | | | |
| Current: | | | | | |
| Other services and charges | 220,700 | 220,700 | 483,406 | 262,706 | 1,139,681 |
| Capital outlay | - | - | - | - | 159,539 |
| Special projects: | | | | | |
| Current: | | | | | |
| Other services and charges | 128,800 | 128,800 | 85,893 | (42,907) | 74,415 |
| Total miscellaneous | 349,500 | 349,500 | 569,299 | 219,799 | 1,373,635 |
| Total expenditures | 9,348,650 | 9,348,650 | 9,821,468 | 472,818 | 10,012,264 |
| Revenues over (under) expenditures | 708,460 | 708,460 | 843,725 | 135,265 | 1,037,395 |
| Other financing sources (uses): | | | | | |
| Sale of capital assets | - | - | 11,038 | 11,038 | 181,765 |
| Insurance recoveries | - | - | 41,847 | 41,847 | 19,356 |
| Transfers in | - | - | 82,585 | 82,585 | - |
| Transfers out | (708,460) | (708,460) | (766,356) | (57,896) | (517,616) |
| Total other financing sources (uses) | (708,460) | (708,460) | (630,886) | 77,574 | (316,495) |
| Net change in fund balance | \$0 | \$0 | 212,839 | \$212,839 | 720,900 |
| Fund balance - January 1 | | | 7,341,709 | | 6,620,809 |
| Fund balance - December 31 | | | \$7,554,548 | | \$7,341,709 |

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

| | 2021 | 2020 | 2019 | 2018 |
|--|------------------|------------------|------------------|------------------|
| Total OPEB Liability: | | | | |
| Service cost | \$ 1,966 | \$ 1,937 | \$ 1,645 | \$ 1,556 |
| Interest cost | 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 | (1,401) | (7,027) | (28,356) | (419,876) |
| Total OPEB liability - beginning | 21,193 | 28,220 | 56,576 | 476,452 |
| Total OPEB liability - ending | <u>\$ 19,792</u> | <u>\$ 21,193</u> | <u>\$ 28,220</u> | <u>\$ 56,576</u> |
| Covered-employee payroll | \$2,910,494 | \$2,761,631 | \$2,681,195 | \$5,049,054 |
| Total OPEB liability as a percentage of covered-employee payroll | 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.

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CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY⁽¹⁾ -
 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% |

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.

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

| 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% |

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 PROPORTIONATE SHARE OF NET PENSION LIABILITY⁽¹⁾ -
 PUBLIC EMPLOYEES POLICE AND FIRE FUND
 For The Last Ten Years

| 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% |

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.

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

| 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% |

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 CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS ⁽¹⁾
 GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION
 For The Last Ten Years

Item 1.
 State

| Fiscal year ending | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement date | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Total pension liability: | | | | | | | |
| Service cost | \$ - | \$75,628 | \$73,783 | \$71,473 | \$63,391 | \$72,757 | \$75,241 |
| Interest cost | - | 88,668 | 79,734 | 81,962 | 72,102 | 68,376 | 66,133 |
| Plan changes | - | - | - | - | 99,530 | - | - |
| Loss | - | - | - | (21,899) | - | - | - |
| Differences between expected and actual experience | - | 69,157 | - | - | - | (40,925) | - |
| Changes of assumptions | - | 46,936 | - | 26,796 | - | (11,420) | - |
| Benefit payments, including refunds of employee contributions | - | - | - | (170,700) | - | (130,773) | (222,729) |
| Net change in total pension liability | - | 280,389 | 153,517 | (12,368) | 235,023 | (41,985) | (81,355) |
| Total pension liability - beginning | - | 1,466,417 | 1,312,900 | 1,325,268 | 1,090,245 | 1,132,230 | 1,213,585 |
| Total pension liability - ending (a) | \$ - | \$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 |
| Contributions - State of Minnesota | - | 137,585 | 131,658 | 131,511 | 128,622 | 130,759 | 131,098 |
| Contributions - employee | - | - | - | - | - | - | - |
| Net investment income | - | 242,051 | 133,639 | 153,082 | 312,604 | 138,089 | (98,329) |
| Benefit payments, including refunds of employee contributions | - | - | - | (170,700) | - | (130,773) | (222,729) |
| Administrative expense | - | (12,022) | (11,439) | (11,317) | (11,676) | (10,672) | (11,540) |
| Gain or Loss | - | - | 271,292 | (318,100) | - | - | - |
| Net change in plan fiduciary net position | 5,000 | 372,614 | 530,150 | (210,524) | 434,550 | 132,403 | (196,500) |
| Plan fiduciary net position - beginning | - | 2,791,699 | 2,261,549 | 2,472,073 | 2,037,523 | 1,905,120 | 2,101,620 |
| Plan fiduciary net position - ending (b) | \$5,000 | \$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) | (\$5,000) | (\$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 | #DIV/0! | 181.15% | 190.38% | 172.26% | 186.53% | 186.89% | 168.26% |
| Covered-employee payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Net pension liability as a percentage of covered employee payroll | (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.

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

| 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-Employee 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) |

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.)

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2021

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

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 the 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.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2021

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

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%.

2020 Changes

Changes in Actuarial Assumptions

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

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2021

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation

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 5.6% to 7.5%.
- 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2021

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.

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, 2018, benefit level per year of service increased from \$5,000 to \$5,500.

C. OPEB INFORMATION

2021 Changes

Assumption Changes:

- 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

Assumption Changes:

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

2019 Changes

Assumption Changes:

- 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 04/18/2022

NONMAJOR GOVERNMENTAL FUNDS

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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.

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2021
 With Comparative Totals For December 31, 2020

Item 1.

Statement 19

| | Special Revenue | Debt Service | Capital Project | Totals | |
|---|--------------------|--------------------|--------------------|-----------------------------|---------------------|
| | | | | Nonmajor Governmental Funds | |
| | | | | 2021 | 2020 |
| Assets | | | | | |
| Cash and investments | \$1,146,890 | \$6,168,314 | \$2,162,207 | \$9,477,411 | \$8,865,973 |
| Due from other governmental units | 129,016 | - | 7,500 | 136,516 | 483,408 |
| Due from component units | - | - | 57,660 | 57,660 | 51,307 |
| Accounts receivable | 77,966 | 10,772 | 12,000 | 100,738 | 87,110 |
| Prepaid items | 23,109 | - | 22,000 | 45,109 | 52,941 |
| Taxes receivable - delinquent | 39,898 | - | - | 39,898 | 30,523 |
| Pledges receivable | - | - | 14,387 | 14,387 | 42,510 |
| Special assessments receivable | - | 2,129,980 | 406,588 | 2,536,568 | 2,717,106 |
| Total assets | \$1,416,879 | \$8,309,066 | \$2,682,342 | \$12,408,287 | \$12,330,878 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$76,422 | \$90,157 | \$82,184 | \$248,763 | \$544,574 |
| Accrued wages payable | 20,097 | - | - | 20,097 | 11,910 |
| Due to other governmental units | 12,967 | - | - | 12,967 | 226,634 |
| Due to component units | 29,641 | - | - | 29,641 | 13,987 |
| Contracts payable | - | - | 71,259 | 71,259 | - |
| Due to other funds | 29,118 | - | 104,123 | 133,241 | 105,712 |
| Deposits payable | 9,469 | - | - | 9,469 | 9,231 |
| Interfund loan payable | 52,074 | - | - | 52,074 | 66,401 |
| Unearned revenue | 89,623 | - | 566,662 | 656,285 | 88,128 |
| Total liabilities | 319,411 | 90,157 | 824,228 | 1,233,796 | 1,066,577 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 39,898 | 2,142,013 | 420,976 | 2,602,887 | 2,790,139 |
| Total deferred inflows of resources | 39,898 | 2,142,013 | 420,976 | 2,602,887 | 2,790,139 |
| Fund balance: | | | | | |
| Nonspendable | 23,109 | - | 22,000 | 45,109 | 52,941 |
| Restricted | 153,598 | 6,076,896 | 51,651 | 6,282,145 | 6,792,754 |
| Committed | 931,143 | - | - | 931,143 | 853,737 |
| Assigned | - | - | 1,413,568 | 1,413,568 | 1,146,364 |
| Unassigned | (50,280) | - | (50,081) | (100,361) | (371,634) |
| Total fund balance | 1,057,570 | 6,076,896 | 1,437,138 | 8,571,604 | 8,474,162 |
| Total liabilities, deferred inflows of resources, and fund balance | \$1,416,879 | \$8,309,066 | \$2,682,342 | \$12,408,287 | \$12,330,878 |

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

| | Special Revenue | Debt Service | Capital Project | Totals | |
|---|--------------------|--------------------|--------------------|-----------------------------|--------------------|
| | | | | Nonmajor Governmental Funds | |
| | | | | 2021 | 2020 |
| Revenues: | | | | | |
| Taxes: | | | | | |
| General property | \$866,589 | \$1,556,830 | \$ - | \$2,423,419 | \$2,445,435 |
| Tax abatements | - | 44,049 | - | 44,049 | 62,717 |
| Tax increments | - | 235,552 | - | 235,552 | 228,759 |
| Intergovernmental | 246,240 | 510,760 | 505,755 | 1,262,755 | 1,812,178 |
| Special assessments | - | 307,905 | 22,500 | 330,405 | 415,661 |
| Charges for services | 1,065,977 | - | - | 1,065,977 | 977,614 |
| Fines and forfeits | 24,611 | - | - | 24,611 | 38,076 |
| Investment income | 12,819 | 40,937 | 7,317 | 61,073 | 81,763 |
| Contributions and donations | 7,819 | - | 60,383 | 68,202 | 114,722 |
| Reimbursement from component unit | - | - | 10,974 | 10,974 | - |
| Other grants | - | - | - | - | 142,000 |
| Other | 15,879 | - | 51,651 | 67,530 | 2,373 |
| Total revenues | <u>2,239,934</u> | <u>2,696,033</u> | <u>658,580</u> | <u>5,594,547</u> | <u>6,321,298</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | 192,786 | 410,709 | 603,495 | 668,342 |
| Public safety | 132,258 | - | - | 132,258 | 132,756 |
| Public works | 495,858 | - | 23,040 | 518,898 | 527,350 |
| Culture and recreation | 1,584,350 | - | 3,280 | 1,587,630 | 1,442,349 |
| Capital outlay/construction | 104,289 | - | 367,991 | 472,280 | 1,714,530 |
| Debt service: | | | | | |
| Principal retirement | - | 2,515,000 | - | 2,515,000 | 2,480,000 |
| Interest | - | 578,766 | - | 578,766 | 613,237 |
| Paying agent fees | - | 6,600 | - | 6,600 | 6,850 |
| Decertify TIF districts | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>2,316,755</u> | <u>3,293,152</u> | <u>805,020</u> | <u>6,414,927</u> | <u>7,585,414</u> |
| Revenues over (under) expenditures | <u>(76,821)</u> | <u>(597,119)</u> | <u>(146,440)</u> | <u>(820,380)</u> | <u>(1,264,116)</u> |
| Other financing sources (uses): | | | | | |
| Bond issuances | - | - | - | - | - |
| Bond premium | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | 4,000 |
| Insurance recoveries | 55,451 | - | - | 55,451 | 186,932 |
| Transfers in | 191,079 | 232,425 | 511,201 | 934,705 | 442,776 |
| Transfers out | - | (211,436) | (150,943) | (362,379) | (213,075) |
| Total other financing sources (uses) | <u>246,530</u> | <u>20,989</u> | <u>360,258</u> | <u>627,777</u> | <u>420,633</u> |
| Net change in fund balance | 169,709 | (576,130) | 213,818 | (192,603) | (843,483) |
| Fund balance - January 1 | 887,861 | 6,653,026 | 1,223,320 | 8,764,207 | 9,317,645 |
| Fund balance - December 31 | <u>\$1,057,570</u> | <u>\$6,076,896</u> | <u>\$1,437,138</u> | <u>\$8,571,604</u> | <u>\$8,474,162</u> |

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

| | |
|--|-------------|
| Prior year ending fund balance reported | \$8,474,162 |
| Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year: | |
| 413 Airport Capital Fund | (135,789) |
| 483 2022 Infrastructure Bonds | 182,142 |
| Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year: | |
| 481 2020 Infrastructure Bonds | 243,692 |

Current year beginning fund balance \$8,764,207

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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.

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CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2021
 With Comparative Totals For December 31, 2020

Item 1.

| | 211 Public Library | 225 Central School | 226 Airport Operations | 228 IRA Civic Center |
|---|-------------------------|------------------------|---------------------------|-------------------------|
| Assets | | | | |
| Cash and investments | \$644,482 | \$95,887 | \$179,583 | \$200 |
| Due from other governmental units | 42,033 | - | 66,231 | - |
| Accounts receivable | - | - | 74 | 76,692 |
| Prepaid items | 12,304 | - | 1,850 | 2,866 |
| Taxes receivable - delinquent | 30,777 | - | - | - |
| Total assets | <u>\$729,596</u> | <u>\$95,887</u> | <u>\$247,738</u> | <u>\$79,758</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$17,037 | \$12,060 | \$14,713 | \$30,458 |
| Accrued wages payable | 10,105 | - | 1,771 | 4,318 |
| Due to other governmental units | 11,022 | - | 159 | 715 |
| Due to component units | 2,463 | 1,742 | 1,323 | 23,425 |
| Due to other funds | 1,664 | 4,500 | - | 12,149 |
| Deposits payable | - | 5,126 | 4,343 | - |
| Interfund loan payable | - | - | - | 52,074 |
| Unearned revenue | - | - | 74,806 | 4,033 |
| Total liabilities | <u>42,291</u> | <u>23,428</u> | <u>97,115</u> | <u>127,172</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 30,777 | - | - | - |
| Total deferred inflows of resources | <u>30,777</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance (deficit): | | | | |
| Nonspendable | 12,304 | - | 1,850 | 2,866 |
| Restricted | - | - | 74,387 | - |
| Committed | 644,224 | 72,459 | 74,386 | - |
| Unassigned | - | - | - | (50,280) |
| Total fund balance (deficit) | <u>656,528</u> | <u>72,459</u> | <u>150,623</u> | <u>(47,414)</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$729,596</u> | <u>\$95,887</u> | <u>\$247,738</u> | <u>\$79,758</u> |

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Statement 21

| 231 Haz-Mat | 232 Police Forfeiture | 233 Cemetery | 235 Domestic Animal Control Facility | Totals Nonmajor Special Revenue Funds | |
|-----------------|-----------------------|------------------|--------------------------------------|---------------------------------------|--------------------|
| | | | | 2021 | 2020 |
| \$ - | \$88,686 | \$131,206 | \$6,846 | \$1,146,890 | \$957,174 |
| 13,302 | - | 1,165 | 6,285 | 129,016 | 86,832 |
| - | - | 1,200 | - | 77,966 | 72,110 |
| - | - | 5,324 | 765 | 23,109 | 30,941 |
| - | - | 9,121 | - | 39,898 | 30,523 |
| <u>\$13,302</u> | <u>\$88,686</u> | <u>\$148,016</u> | <u>\$13,896</u> | <u>\$1,416,879</u> | <u>\$1,177,580</u> |
| \$507 | \$ - | \$366 | \$1,281 | \$76,422 | \$51,283 |
| 904 | - | 2,149 | 850 | 20,097 | 11,910 |
| 77 | - | 163 | 831 | 12,967 | 5,393 |
| - | - | 261 | 427 | 29,641 | 13,987 |
| 10,805 | - | - | - | 29,118 | 12,863 |
| - | - | - | - | 9,469 | 9,231 |
| - | - | - | - | 52,074 | 66,401 |
| - | 10,484 | 300 | - | 89,623 | 88,128 |
| <u>12,293</u> | <u>10,484</u> | <u>3,239</u> | <u>3,389</u> | <u>319,411</u> | <u>259,196</u> |
| - | - | 9,121 | - | 39,898 | 30,523 |
| <u>0</u> | <u>0</u> | <u>9,121</u> | <u>0</u> | <u>39,898</u> | <u>30,523</u> |
| - | - | 5,324 | 765 | 23,109 | 30,941 |
| 1,009 | 78,202 | - | - | 153,598 | 139,728 |
| - | - | 130,332 | 9,742 | 931,143 | 853,737 |
| - | - | - | - | (50,280) | (136,545) |
| <u>1,009</u> | <u>78,202</u> | <u>135,656</u> | <u>10,507</u> | <u>1,057,570</u> | <u>887,861</u> |
| <u>\$13,302</u> | <u>\$88,686</u> | <u>\$148,016</u> | <u>\$13,896</u> | <u>\$1,416,879</u> | <u>\$1,177,580</u> |

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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, 2021
With Comparative Totals For The Year Ended December 31, 2020

| | 211 Public Library | 225 Central School | 226 Airport Operations | 228 IRA Civic Center |
|--------------------------------------|-------------------------|------------------------|---------------------------|--------------------------|
| Revenues: | | | | |
| General property taxes | \$667,279 | \$ - | \$ - | \$ - |
| Intergovernmental | 33,728 | - | 110,389 | - |
| Charges for services | 176,537 | 47,651 | 130,123 | 659,758 |
| Fines and forfeits | 220 | - | - | - |
| Investment income | 10,982 | 431 | 262 | 1 |
| Contributions and donations | 7,819 | - | - | - |
| Other | - | 1,359 | 3,212 | - |
| Total revenues | <u>896,565</u> | <u>49,441</u> | <u>243,986</u> | <u>659,759</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Public works | - | - | 236,864 | - |
| Culture and recreation | 856,949 | 112,665 | - | 614,736 |
| Capital outlay | - | - | 11,239 | - |
| Total expenditures | <u>856,949</u> | <u>112,665</u> | <u>248,103</u> | <u>614,736</u> |
| Revenues over (under) expenditures | <u>39,616</u> | <u>(63,224)</u> | <u>(4,117)</u> | <u>45,023</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | - | - | - |
| Insurance recoveries | - | 8,293 | 5,914 | 41,244 |
| Transfers in | - | 50,716 | 20,000 | - |
| Total other financing sources (uses) | <u>0</u> | <u>59,009</u> | <u>25,914</u> | <u>41,244</u> |
| Net change in fund balance | 39,616 | (4,215) | 21,797 | 86,267 |
| Fund balance (deficit) - January 1 | <u>616,912</u> | <u>76,674</u> | <u>128,826</u> | <u>(133,681)</u> |
| Fund balance (deficit) - December 31 | <u><u>\$656,528</u></u> | <u><u>\$72,459</u></u> | <u><u>\$150,623</u></u> | <u><u>(\$47,414)</u></u> |

Statement 22

| 231 Haz-Mat | 232 Police Forfeiture | 233 Cemetery | 235 Domestic Animal Control Facility | Totals Nonmajor Special Revenue Funds | |
|----------------|-----------------------|------------------|--------------------------------------|---------------------------------------|------------------|
| | | | | 2021 | 2020 |
| | | | | \$ - | \$ - |
| 65,057 | 2,438 | 31,366 | 3,262 | 246,240 | 220,703 |
| - | - | 51,908 | - | 1,065,977 | 977,614 |
| - | 1,861 | - | 22,530 | 24,611 | 38,076 |
| - | 613 | 530 | - | 12,819 | 9,707 |
| - | - | - | - | 7,819 | 12,898 |
| - | 10,113 | 1,195 | - | 15,879 | 1,973 |
| <u>65,057</u> | <u>15,025</u> | <u>284,309</u> | <u>25,792</u> | <u>2,239,934</u> | <u>2,113,959</u> |
| 54,648 | 13,043 | - | 64,567 | 132,258 | 132,756 |
| - | - | 258,994 | - | 495,858 | 516,190 |
| - | - | - | - | 1,584,350 | 1,441,129 |
| 10,409 | - | 82,641 | - | 104,289 | 44,030 |
| <u>65,057</u> | <u>13,043</u> | <u>341,635</u> | <u>64,567</u> | <u>2,316,755</u> | <u>2,134,105</u> |
| 0 | 1,982 | (57,326) | (38,775) | (76,821) | (20,146) |
| - | - | - | - | - | 4,000 |
| - | - | - | - | 55,451 | - |
| - | - | 82,585 | 37,778 | 191,079 | 110,280 |
| <u>0</u> | <u>0</u> | <u>82,585</u> | <u>37,778</u> | <u>246,530</u> | <u>114,280</u> |
| 0 | 1,982 | 25,259 | (997) | 169,709 | 94,134 |
| 1,009 | 76,220 | 110,397 | 11,504 | 887,861 | 793,727 |
| <u>\$1,009</u> | <u>\$78,202</u> | <u>\$135,656</u> | <u>\$10,507</u> | <u>\$1,057,570</u> | <u>\$887,861</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.

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| | 305 Refunding Bonds of 2017B | 306 GO Street Reconstruction & CIP 2018A | 307 GO & Abatement Bond 2019A | 310 GO Street Reconstruction Bonds of 2020A | 311 GO & Abatement Bond 2021B |
|---|---------------------------------|--|-------------------------------------|---|----------------------------------|
| Assets | | | | | |
| Cash and investments | \$659,575 | \$341,972 | \$378,921 | \$177,508 | \$82,586 |
| Accounts receivable | 547 | - | - | - | - |
| Special assessments: | | | | | |
| Delinquent | 3,309 | - | - | 131 | - |
| Deferred | 54,498 | 127,336 | 112,633 | 140,367 | 15,558 |
| Special deferred | 130,038 | - | 657,880 | - | - |
| Total assets | \$847,967 | \$469,308 | \$1,149,434 | \$318,006 | \$98,144 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$450 | \$ - | \$ - | \$ - | \$ - |
| Total liabilities | 450 | 0 | 0 | 0 | 0 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 187,845 | 127,336 | 770,513 | 140,498 | 15,558 |
| Total deferred inflows of resources | 187,845 | 127,336 | 770,513 | 140,498 | 15,558 |
| Fund balance: | | | | | |
| Restricted | 659,672 | 341,972 | 378,921 | 177,508 | 82,586 |
| Total fund balance | 659,672 | 341,972 | 378,921 | 177,508 | 82,586 |
| Total liabilities, deferred inflows of resources, and fund balance | \$847,967 | \$469,308 | \$1,149,434 | \$318,006 | \$98,144 |

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| 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 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| \$12,382 | \$652,411 | \$133,365 | \$269,796 | \$702,192 | \$2,539 |
| - | - | - | - | - | - |
| - | 1,932 | 32 | 327 | 2,689 | - |
| - | 125,780 | 22,980 | 105,864 | 131,323 | - |
| - | - | - | - | 5,152 | - |
| \$12,382 | \$780,123 | \$156,377 | \$375,987 | \$841,356 | \$2,539 |
| \$ - | \$ - | \$ - | \$1,000 | \$ - | \$ - |
| 0 | 0 | 0 | 1,000 | 0 | 0 |
| - | 139,746 | 23,012 | 106,191 | 139,164 | - |
| 0 | 139,746 | 23,012 | 106,191 | 139,164 | 0 |
| 12,382 | 640,377 | 133,365 | 268,796 | 702,192 | 2,539 |
| 12,382 | 640,377 | 133,365 | 268,796 | 702,192 | 2,539 |
| \$12,382 | \$780,123 | \$156,377 | \$375,987 | \$841,356 | \$2,539 |

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| | 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 |
|---|---|-----------------------------------|-----------------------------------|---|--------------------------------|---------------------------------|
| Assets | | | | | | |
| Cash and investments | \$869,516 | \$364,315 | \$304,938 | \$406,722 | \$47,670 | \$44,206 |
| Accounts receivable | - | - | 10,225 | - | - | - |
| Special assessments: | | | | | | |
| Delinquent | 9,429 | - | 8 | 257 | - | - |
| Deferred | 154,825 | 67,276 | 123,564 | 132,325 | - | - |
| Special deferred | 1,175 | - | - | 3,292 | - | - |
| Total assets | \$1,034,945 | \$431,591 | \$438,735 | \$542,596 | \$47,670 | \$44,206 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$22,025 | \$15,948 |
| Total liabilities | 0 | 0 | 0 | 0 | 22,025 | 15,948 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue | 165,429 | 67,276 | 123,572 | 135,873 | - | - |
| Total deferred inflows of resources | 165,429 | 67,276 | 123,572 | 135,873 | 0 | 0 |
| Fund balance: | | | | | | |
| Restricted | 869,516 | 364,315 | 315,163 | 406,723 | 25,645 | 28,258 |
| Total fund balance | 869,516 | 364,315 | 315,163 | 406,723 | 25,645 | 28,258 |
| Total liabilities, deferred inflows of resources, and fund balance | \$1,034,945 | \$431,591 | \$438,735 | \$542,596 | \$47,670 | \$44,206 |

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| 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 | Totals Nonmajor Debt Service Funds | |
|--|---------------------------------------|--|--------------------------------|-----------------------------|---|------------------------------------|--------------------|
| | | | | | | 2021 | 2020 |
| \$93,730 | \$26,300 | \$33,805 | \$503,809 | \$55,261 | \$4,795 | \$6,168,314 | \$6,742,722 |
| - | - | - | - | - | - | 10,772 | 47,147 |
| - | - | - | - | - | - | 18,114 | 47,147 |
| - | - | - | - | - | - | 1,314,329 | 1,435,595 |
| - | - | - | - | - | - | 797,537 | 1,122,657 |
| <u>\$93,730</u> | <u>\$26,300</u> | <u>\$33,805</u> | <u>\$503,809</u> | <u>\$55,261</u> | <u>\$4,795</u> | <u>\$8,309,066</u> | <u>\$9,348,121</u> |
| \$ - | \$7,769 | \$14,869 | \$ - | \$28,096 | \$ - | \$90,157 | \$89,696 |
| 0 | 7,769 | 14,869 | 0 | 28,096 | 0 | 90,157 | 89,696 |
| - | - | - | - | - | - | 2,142,013 | 2,605,399 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,142,013 | 2,605,399 |
| 93,730 | 18,531 | 18,936 | 503,809 | 27,165 | 4,795 | 6,076,896 | 6,653,026 |
| 93,730 | 18,531 | 18,936 | 503,809 | 27,165 | 4,795 | 6,076,896 | 6,653,026 |
| <u>\$93,730</u> | <u>\$26,300</u> | <u>\$33,805</u> | <u>\$503,809</u> | <u>\$55,261</u> | <u>\$4,795</u> | <u>\$8,309,066</u> | <u>\$9,348,121</u> |

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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, 2021
 With Comparative Totals For The Year Ended December 31, 2020

| | 305 Refunding Bonds of 2017B | 306 GO Street Reconstruction & CIP 2018A | 307 GO & Abatement Bond 2019A | 310 GO Street Reconstruction Bonds of 2020A | 311 GO & Abatement Bond 2021B |
|--|---------------------------------|--|----------------------------------|---|----------------------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| General property | \$207,279 | \$129,736 | \$75,307 | \$143,157 | \$ - |
| Tax abatement | - | - | - | - | - |
| Tax increments | - | - | - | - | - |
| Intergovernmental: | | | | | |
| State: | | | | | |
| Supplemental aid | 10,619 | 6,646 | 3,858 | 7,334 | - |
| MSA | - | - | - | - | - |
| IRRRB grant | - | - | - | - | - |
| Federal BAB credit | - | - | - | - | - |
| Special assessments | 46,487 | 20,100 | 21,297 | 12,209 | - |
| Investment income | 4,213 | 2,180 | 2,648 | 813 | 361 |
| Total revenues | <u>268,598</u> | <u>158,662</u> | <u>103,110</u> | <u>163,513</u> | <u>361</u> |
| Expenditures: | | | | | |
| General government: | | | | | |
| Current: | | | | | |
| Contractual services | 200 | 3,950 | 200 | 200 | 200 |
| Developer assistance | - | - | - | - | - |
| Decertify TIF districts | - | - | - | - | - |
| Debt service: | | | | | |
| Principal retirement | 440,000 | 115,000 | 70,000 | - | - |
| Interest | 33,450 | 55,513 | 38,980 | 29,454 | - |
| Paying agent fees | 450 | 500 | 500 | 500 | - |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>474,100</u> | <u>174,963</u> | <u>109,680</u> | <u>30,154</u> | <u>200</u> |
| Revenues over (under) expenditures | <u>(205,502)</u> | <u>(16,301)</u> | <u>(6,570)</u> | <u>133,359</u> | <u>161</u> |
| Other financing sources (uses): | | | | | |
| Transfer in | - | - | - | - | 82,425 |
| Transfer out | - | - | - | - | - |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>82,425</u> |
| Net change in fund balance | <u>(205,502)</u> | <u>(16,301)</u> | <u>(6,570)</u> | <u>133,359</u> | <u>82,586</u> |
| Fund balance (deficit) - January 1 | <u>865,174</u> | <u>358,273</u> | <u>385,491</u> | <u>44,149</u> | <u>-</u> |
| Fund balance (deficit) - December 31 | <u><u>\$659,672</u></u> | <u><u>\$341,972</u></u> | <u><u>\$378,921</u></u> | <u><u>\$177,508</u></u> | <u><u>\$82,586</u></u> |

| 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 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| \$ - | \$248,586 | \$52,938 | \$29,825 | \$75,307 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 12,735 | 2,712 | 1,528 | 3,858 | - |
| 79,613 | - | - | - | - | 322,908 |
| - | - | - | - | - | - |
| - | 26,722 | - | - | - | - |
| - | 50,207 | 5,359 | 23,987 | 27,485 | - |
| 151 | 3,889 | 821 | 1,884 | 5,037 | 246 |
| 79,764 | 342,139 | 61,830 | 57,224 | 111,687 | 323,154 |
| 200 | 200 | 200 | 1,200 | 200 | 200 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 75,000 | 325,000 | 60,000 | 70,000 | 145,000 | 280,000 |
| 4,613 | 80,964 | 11,575 | 13,660 | 34,100 | 42,908 |
| 375 | 400 | 400 | 525 | 525 | 525 |
| - | - | - | - | - | - |
| 80,188 | 406,564 | 72,175 | 85,385 | 179,825 | 323,633 |
| (424) | (64,425) | (10,345) | (28,161) | (68,138) | (479) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 0 | 0 | 0 | 0 | 0 | 0 |
| (424) | (64,425) | (10,345) | (28,161) | (68,138) | (479) |
| 12,806 | 704,802 | 143,710 | 296,957 | 770,330 | 3,018 |
| \$12,382 | \$640,377 | \$133,365 | \$268,796 | \$702,192 | \$2,539 |

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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, 2021
 With Comparative Totals For The Year Ended December 31, 2020

| | 364 Improvement Refunding Bonds of 2013A | 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 | \$ - | \$85,446 | \$215,480 | \$137,937 | \$155,832 | \$ - | \$ - |
| Tax abatement | - | - | - | - | - | 44,049 | - |
| Tax increments | - | - | - | - | - | - | 35,440 |
| Intergovernmental: | | | | | | | |
| State: | | | | | | | |
| Supplemental aid | - | 4,377 | 11,039 | 7,066 | 7,983 | - | - |
| MSA | - | - | - | - | - | - | - |
| IRRRB grant | - | - | - | - | - | - | - |
| Federal BAB credit | - | - | - | - | - | - | - |
| Special assessments | - | 34,356 | 10,173 | 29,766 | 26,479 | - | - |
| Investment income | 1,139 | 5,918 | 2,001 | 1,812 | 2,516 | 250 | 242 |
| Total revenues | 1,139 | 130,097 | 238,693 | 176,581 | 192,810 | 44,299 | 35,682 |
| Expenditures: | | | | | | | |
| General government: | | | | | | | |
| Current: | | | | | | | |
| Contractual services | 4,751 | 200 | 200 | 2,700 | 200 | - | 269 |
| Developer assistance | - | - | - | - | - | 44,049 | 31,896 |
| Decertify TIF districts | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal retirement | 175,000 | 260,000 | 205,000 | 135,000 | 125,000 | - | - |
| Interest | 1,181 | 79,488 | 40,770 | 35,210 | 58,800 | - | - |
| Paying agent fees | - | 500 | 500 | 450 | 450 | - | - |
| Bond issuance costs | - | - | - | - | - | - | - |
| Total expenditures | 180,932 | 340,188 | 246,470 | 173,360 | 184,450 | 44,049 | 32,165 |
| Revenues over (under) expenditures | (179,793) | (210,091) | (7,777) | 3,221 | 8,360 | 250 | 3,517 |
| Other financing sources (uses): | | | | | | | |
| Transfer in | - | 150,000 | - | - | - | - | - |
| Transfer out | (211,436) | - | - | - | - | - | - |
| Total other financing sources (uses) | (211,436) | 150,000 | 0 | 0 | 0 | 0 | 0 |
| Net change in fund balance | (391,229) | (60,091) | (7,777) | 3,221 | 8,360 | 250 | 3,517 |
| Fund balance (deficit) - January 1 | 391,229 | 929,607 | 372,092 | 311,942 | 398,363 | 25,395 | 24,741 |
| Fund balance (deficit) - December 31 | \$0 | \$869,516 | \$364,315 | \$315,163 | \$406,723 | \$25,645 | \$28,258 |

| 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 | Totals Nonmajor Debt Service Funds | |
|--|---------------------------------------|--|--------------------------------|-----------------------------|--|------------------------------------|-------------|
| | | | | | | 2021 | 2020 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$1,556,830 | \$1,592,447 |
| - | - | - | - | - | - | 44,049 | 62,717 |
| 56,656 | 17,264 | 29,519 | 29,399 | 62,397 | 4,877 | 235,552 | 228,759 |
| - | - | 1,762 | - | - | - | 81,517 | 82,233 |
| - | - | - | - | - | - | 402,521 | 405,139 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 26,722 | 31,965 |
| 526 | 155 | 169 | 3,702 | 254 | 10 | 307,905 | 400,935 |
| 57,182 | 17,419 | 31,450 | 33,101 | 62,651 | 4,887 | 40,937 | 62,792 |
| | | | | | | 2,696,033 | 2,866,987 |
| 269 | 269 | 589 | 184 | 319 | 92 | 16,992 | 28,293 |
| - | 15,538 | 28,153 | - | 56,158 | - | 175,794 | 174,846 |
| - | - | - | - | - | - | - | - |
| 35,000 | - | - | - | - | - | 2,515,000 | 2,480,000 |
| 18,100 | - | - | - | - | - | 578,766 | 613,237 |
| - | - | - | - | - | - | 6,600 | 6,850 |
| - | - | - | - | - | - | - | - |
| 53,369 | 15,807 | 28,742 | 184 | 56,477 | 92 | 3,293,152 | 3,303,226 |
| 3,813 | 1,612 | 2,708 | 32,917 | 6,174 | 4,795 | (597,119) | (436,239) |
| - | - | - | - | - | - | 232,425 | 150,000 |
| - | - | - | - | - | - | (211,436) | (5,130) |
| 0 | 0 | 0 | 0 | 0 | 0 | 20,989 | 144,870 |
| 3,813 | 1,612 | 2,708 | 32,917 | 6,174 | 4,795 | (576,130) | (291,369) |
| 89,917 | 16,919 | 16,228 | 470,892 | 20,991 | - | 6,653,026 | 6,944,395 |
| \$93,730 | \$18,531 | \$18,936 | \$503,809 | \$27,165 | \$4,795 | \$6,076,896 | \$6,653,026 |

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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.

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 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.

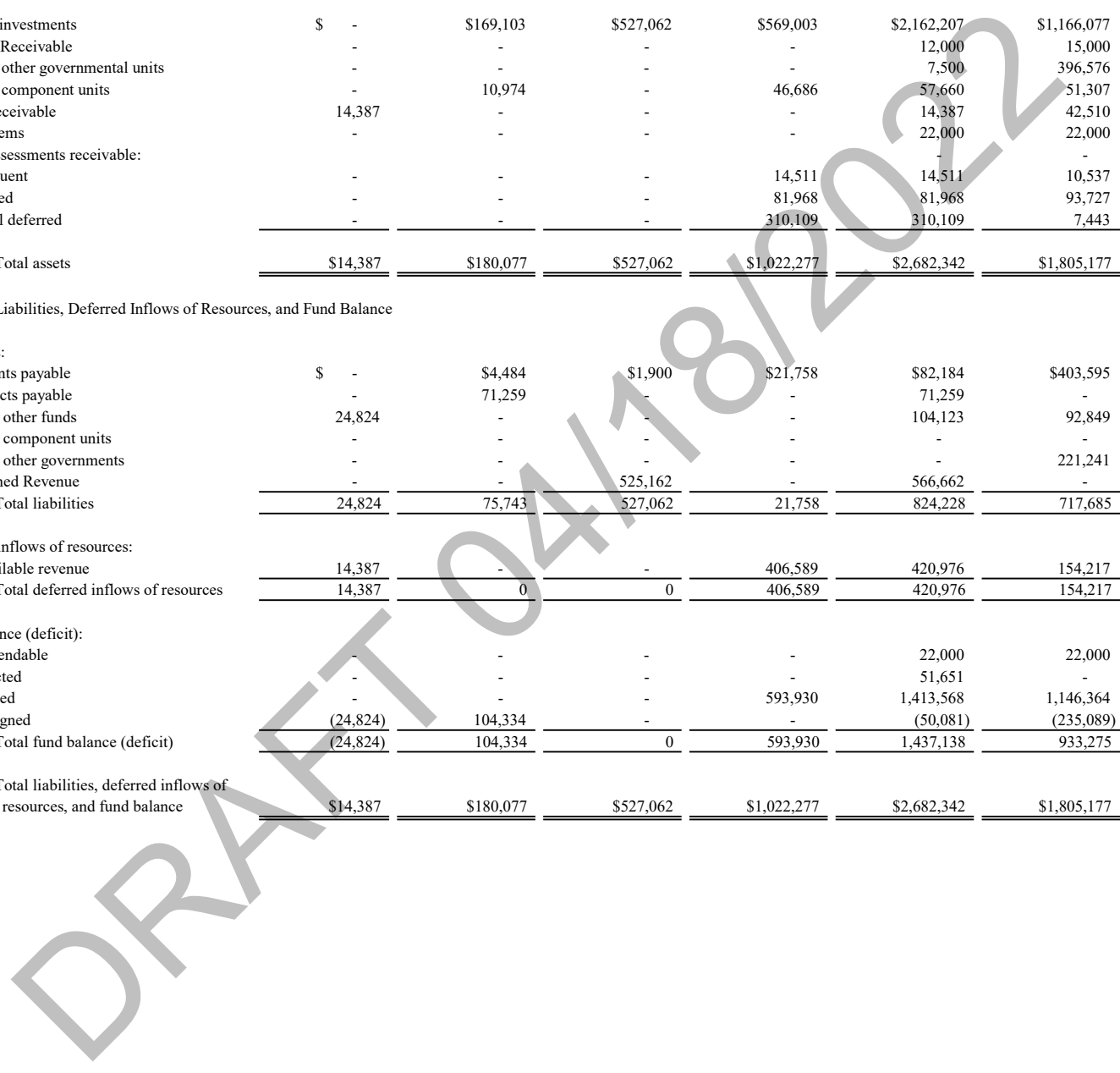
Infrastructure – Other Funds – accounts for infrastructure projects which are not financed by bond proceeds.

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

| Assets | 401 General Capital Improvement Projects | 402 Municipal State Aid | 403 GR/Cohasset Industrial Park | 404 Park Acquisition and Development | 418 GR Arts and Culture Capital Project |
|---|--|----------------------------|------------------------------------|--|---|
| Cash and investments | \$317,886 | \$446,729 | \$ - | \$82,653 | \$49,771 |
| Accounts Receivable | - | - | - | 12,000 | - |
| Due from other governmental units | 7,500 | - | - | - | - |
| Due from component units | - | - | - | - | - |
| Pledges receivable | - | - | - | - | - |
| Prepaid items | - | - | - | - | 22,000 |
| Special assessments receivable: | | | | | |
| Delinquent | - | - | - | - | - |
| Deferred | - | - | - | - | - |
| Special deferred | - | - | - | - | - |
| Total assets | \$325,386 | \$446,729 | \$0 | \$94,653 | \$71,771 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$3,750 | \$ - | \$50,292 | \$ - | \$ - |
| Contracts payable | - | - | - | - | - |
| Due to other funds | - | - | 79,299 | - | - |
| Due to component units | - | - | - | - | - |
| Due to other governments | - | - | - | - | - |
| Unearned Revenue | 41,500 | - | - | - | - |
| Total liabilities | 45,250 | 0 | 129,591 | 0 | 0 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Total deferred inflows of resources | 0 | 0 | 0 | 0 | 0 |
| Fund balance (deficit): | | | | | |
| Nonspendable | - | - | - | - | 22,000 |
| Restricted | 51,651 | - | - | - | - |
| Assigned | 228,485 | 446,729 | - | 94,653 | 49,771 |
| Unassigned | - | - | (129,591) | - | - |
| Total fund balance (deficit) | 280,136 | 446,729 | (129,591) | 94,653 | 71,771 |
| Total liabilities, deferred inflows of resources, and fund balance | \$325,386 | \$446,729 | \$0 | \$94,653 | \$71,771 |

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| Assets | 429 IRA Civic Center Projects | 481 2020 Infrastructure Bonds | 484 2022 Infrastructure/ ARPA | 501 Permanent Improvement Revolving | Totals Nonmajor Capital Project Funds | |
|---|----------------------------------|-------------------------------------|-------------------------------------|---|---------------------------------------|--------------------|
| | | | | | 2021 | 2020 |
| Cash and investments | \$ - | \$169,103 | \$527,062 | \$569,003 | \$2,162,207 | \$1,166,077 |
| Accounts Receivable | - | - | - | - | 12,000 | 15,000 |
| Due from other governmental units | - | - | - | - | 7,500 | 396,576 |
| Due from component units | - | 10,974 | - | 46,686 | 57,660 | 51,307 |
| Pledges receivable | 14,387 | - | - | - | 14,387 | 42,510 |
| Prepaid items | - | - | - | - | 22,000 | 22,000 |
| Special assessments receivable: | | | | | | |
| Delinquent | - | - | - | 14,511 | 14,511 | 10,537 |
| Deferred | - | - | - | 81,968 | 81,968 | 93,727 |
| Special deferred | - | - | - | 310,109 | 310,109 | 7,443 |
| Total assets | \$14,387 | \$180,077 | \$527,062 | \$1,022,277 | \$2,682,342 | \$1,805,177 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$4,484 | \$1,900 | \$21,758 | \$82,184 | \$403,595 |
| Contracts payable | - | 71,259 | - | - | 71,259 | - |
| Due to other funds | 24,824 | - | - | - | 104,123 | 92,849 |
| Due to component units | - | - | - | - | - | - |
| Due to other governments | - | - | - | - | - | 221,241 |
| Unearned Revenue | - | - | 525,162 | - | 566,662 | - |
| Total liabilities | 24,824 | 75,743 | 527,062 | 21,758 | 824,228 | 717,685 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue | 14,387 | - | - | 406,589 | 420,976 | 154,217 |
| Total deferred inflows of resources | 14,387 | 0 | 0 | 406,589 | 420,976 | 154,217 |
| Fund balance (deficit): | | | | | | |
| Nonspendable | - | - | - | - | 22,000 | 22,000 |
| Restricted | - | - | - | - | 51,651 | - |
| Assigned | - | - | - | 593,930 | 1,413,568 | 1,146,364 |
| Unassigned | (24,824) | 104,334 | - | - | (50,081) | (235,089) |
| Total fund balance (deficit) | (24,824) | 104,334 | 0 | 593,930 | 1,437,138 | 933,275 |
| Total liabilities, deferred inflows of resources, and fund balance | \$14,387 | \$180,077 | \$527,062 | \$1,022,277 | \$2,682,342 | \$1,805,177 |

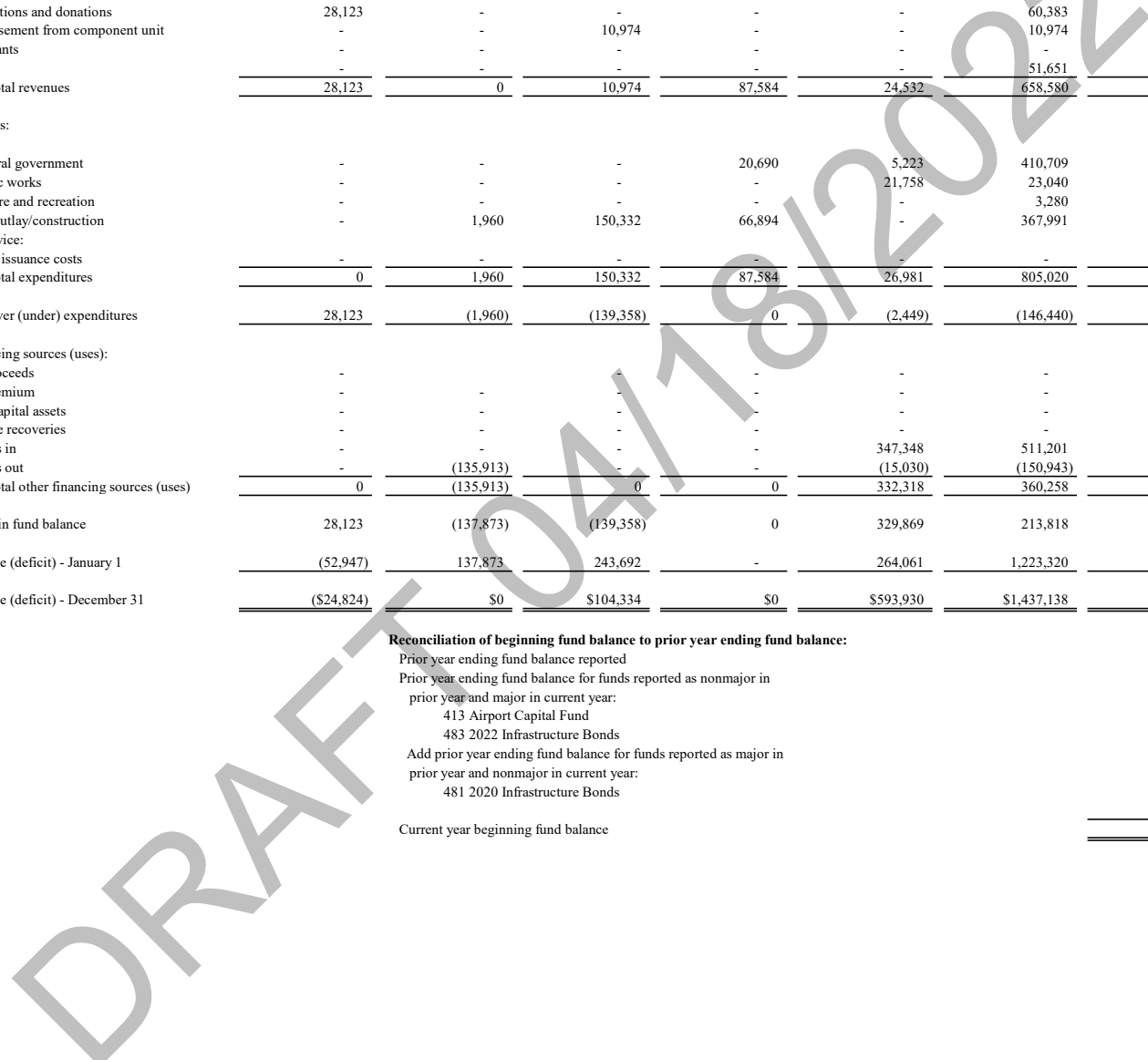


CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR CAPITAL PROJECT FUNDS
 For The Year Ended December 31, 2021
 With Comparative Totals For The Year Ended December 31, 2020

| | 401 General Capital Improvement Projects | 402 Municipal State Aid | 403 GR/Cohasset Industrial Park | 404 Park Acquisition and Development | 418 GR Arts and Culture Capital Project |
|--|--|----------------------------|------------------------------------|--|---|
| Revenues: | | | | | |
| Intergovernmental: | | | | | |
| State: | | | | | |
| MSA | \$ - | \$68,824 | \$ - | \$ - | \$ - |
| Other | 349,347 | - | - | - | - |
| Other intergovernmental | - | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Investment income | 1,312 | 3,137 | - | 487 | 349 |
| Contributions and donations | 8,500 | - | - | 23,760 | - |
| Reimbursement from component unit | - | - | - | - | - |
| Other grants | - | - | - | - | - |
| Other | 51,651 | - | - | - | - |
| Total revenues | <u>410,810</u> | <u>71,961</u> | <u>0</u> | <u>24,247</u> | <u>349</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 384,796 | - | - | - | - |
| Public works | - | 1,282 | - | - | - |
| Culture and recreation | - | - | - | 3,280 | - |
| Capital outlay/construction | 15,030 | - | 129,591 | 4,184 | - |
| Debt service: | | | | | |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>399,826</u> | <u>1,282</u> | <u>129,591</u> | <u>7,464</u> | <u>0</u> |
| Revenues over (under) expenditures | <u>10,984</u> | <u>70,679</u> | <u>(129,591)</u> | <u>16,783</u> | <u>349</u> |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | - | - | - | - |
| Bond premium | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - |
| Insurance recoveries | - | - | - | - | - |
| Transfers in | 159,686 | - | - | - | 4,167 |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>159,686</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>4,167</u> |
| Net change in fund balance | 170,670 | 70,679 | (129,591) | 16,783 | 4,516 |
| Fund balance (deficit) - January 1 | 109,466 | 376,050 | - | 77,870 | 67,255 |
| Fund balance (deficit) - December 31 | <u>\$280,136</u> | <u>\$446,729</u> | <u>(\$129,591)</u> | <u>\$94,653</u> | <u>\$71,771</u> |

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| | 429 IRA Civic Center | 480 2019 | 481 2020 | 484 2022 | 501 Permanent | Totals Nonmajor Capital Project Funds | |
|--|----------------------|----------------------|----------------------|-------------------------|--------------------------|---------------------------------------|--------------------|
| | Projects | Infrastructure Bonds | Infrastructure Bonds | Infrastructure/ ARPA | Improvement Revolving | 2021 | 2020 |
| Revenues: | | | | | | | |
| Intergovernmental: | | | | | | | |
| State: | | | | | | | |
| MSA | \$ - | \$ - | \$ - | \$ - | \$ - | \$68,824 | \$66,235 |
| Other | - | - | - | - | - | 349,347 | 482,521 |
| Other intergovernmental | - | - | - | 87,584 | - | 87,584 | 523,382 |
| Special assessments | - | - | - | - | 22,500 | 22,500 | 14,726 |
| Investment income | - | - | - | - | 2,032 | 7,317 | 9,264 |
| Contributions and donations | 28,123 | - | - | - | - | 60,383 | 101,824 |
| Reimbursement from component unit | - | - | 10,974 | - | - | 10,974 | - |
| Other grants | - | - | - | - | - | - | 142,000 |
| Other | - | - | - | - | - | 51,651 | 400 |
| Total revenues | <u>28,123</u> | <u>0</u> | <u>10,974</u> | <u>87,584</u> | <u>24,532</u> | <u>658,580</u> | <u>1,340,352</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | 20,690 | 5,223 | 410,709 | 465,203 |
| Public works | - | - | - | - | 21,758 | 23,040 | 11,160 |
| Culture and recreation | - | - | - | - | - | 3,280 | 1,220 |
| Capital outlay/construction | - | 1,960 | 150,332 | 66,894 | - | 367,991 | 1,670,500 |
| Debt service: | | | | | | | |
| Bond issuance costs | - | - | - | - | - | - | - |
| Total expenditures | <u>0</u> | <u>1,960</u> | <u>150,332</u> | <u>87,584</u> | <u>26,981</u> | <u>805,020</u> | <u>2,148,083</u> |
| Revenues over (under) expenditures | <u>28,123</u> | <u>(1,960)</u> | <u>(139,358)</u> | <u>0</u> | <u>(2,449)</u> | <u>(146,440)</u> | <u>(807,731)</u> |
| Other financing sources (uses): | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - |
| Bond premium | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Insurance recoveries | - | - | - | - | - | - | 186,932 |
| Transfers in | - | - | - | - | 347,348 | 511,201 | 182,496 |
| Transfers out | - | (135,913) | - | - | (15,030) | (150,943) | (207,945) |
| Total other financing sources (uses) | <u>0</u> | <u>(135,913)</u> | <u>0</u> | <u>0</u> | <u>332,318</u> | <u>360,258</u> | <u>161,483</u> |
| Net change in fund balance | 28,123 | (137,873) | (139,358) | 0 | 329,869 | 213,818 | (646,248) |
| Fund balance (deficit) - January 1 | (52,947) | 137,873 | 243,692 | - | 264,061 | 1,223,320 | 1,579,523 |
| Fund balance (deficit) - December 31 | <u>(\$24,824)</u> | <u>\$0</u> | <u>\$104,334</u> | <u>\$0</u> | <u>\$593,930</u> | <u>\$1,437,138</u> | <u>\$933,275</u> |
| Reconciliation of beginning fund balance to prior year ending fund balance: | | | | | | | |
| Prior year ending fund balance reported | | | | | | | \$933,275 |
| Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year: | | | | | | | |
| 413 Airport Capital Fund | | | | | | | (135,789) |
| 483 2022 Infrastructure Bonds | | | | | | | 182,142 |
| Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year: | | | | | | | |
| 481 2020 Infrastructure Bonds | | | | | | | 243,692 |
| Current year beginning fund balance | | | | | | | <u>\$1,223,320</u> |



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INDIVIDUAL BUDGET TO ACTUAL STATEMENTS

SPECIAL REVENUE FUNDS

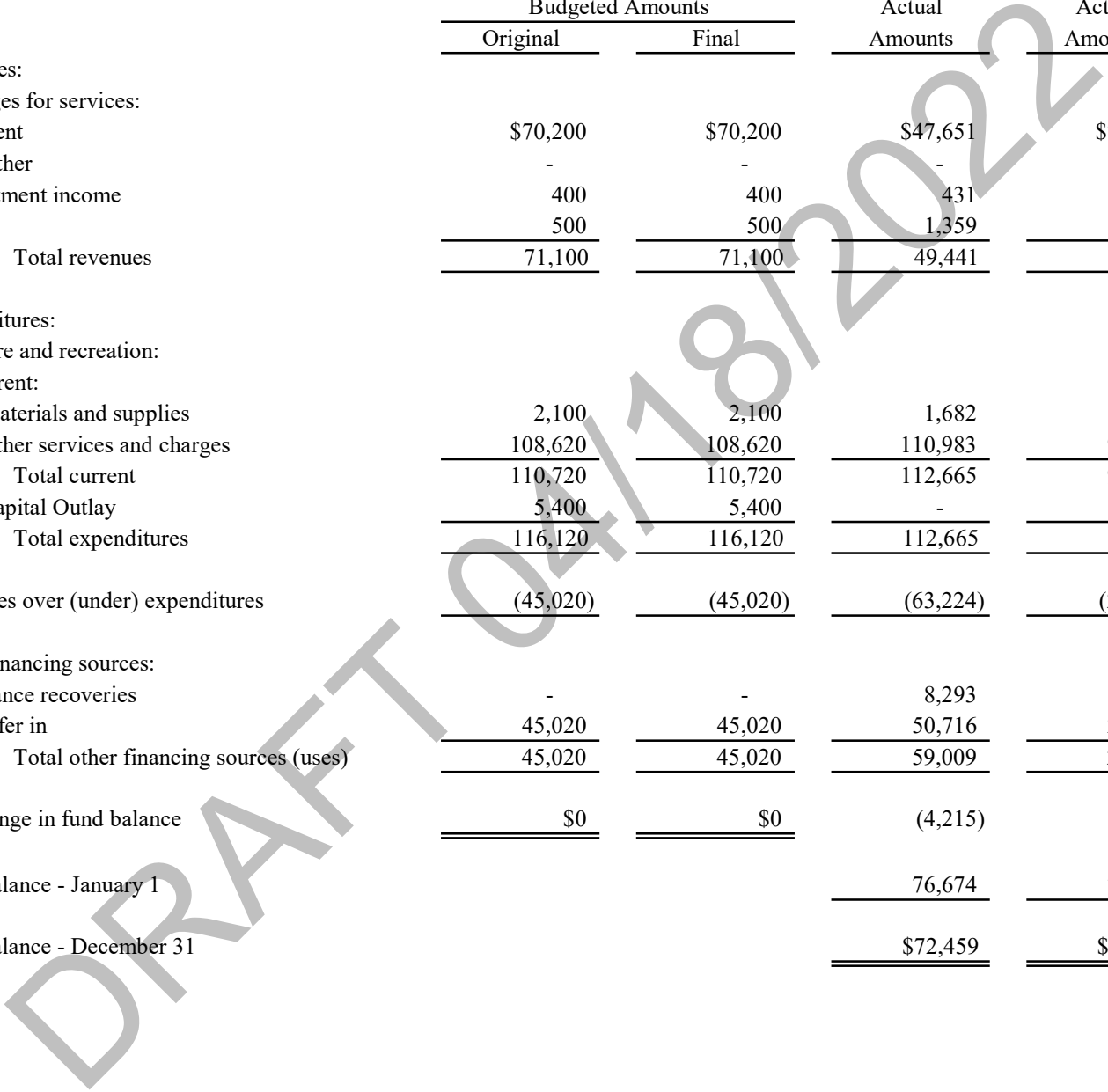
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CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 211 PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|--------------------------------------|------------------|----------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| General property taxes | \$677,282 | \$677,282 | \$667,279 | \$663,785 |
| Intergovernmental: | | | | |
| State: | | | | |
| Supplemental aid | 33,728 | 33,728 | 33,728 | 33,613 |
| Other | - | - | - | 650 |
| Charges for services: | | | | |
| Townships | 128,000 | 128,000 | 146,043 | 144,150 |
| Other | 28,732 | 28,732 | 30,494 | 23,449 |
| Fines and forfeits | - | - | 220 | 2,270 |
| Investment income | 4,300 | 4,300 | 10,982 | 6,924 |
| Contributions and donations | 9,500 | 9,500 | 7,819 | 12,898 |
| Miscellaneous | - | - | - | - |
| Total revenues | <u>881,542</u> | <u>881,542</u> | <u>896,565</u> | <u>887,739</u> |
| Expenditures: | | | | |
| Culture and recreation: | | | | |
| Current: | | | | |
| Personnel services | 571,706 | 571,706 | 654,618 | 648,922 |
| Materials and supplies | 92,000 | 92,000 | 83,995 | 62,453 |
| Other services and charges | 217,836 | 217,836 | 118,336 | 115,237 |
| Total current | <u>881,542</u> | <u>881,542</u> | <u>856,949</u> | <u>826,612</u> |
| Capital outlay | - | - | - | 5,536 |
| Total expenditures | <u>881,542</u> | <u>881,542</u> | <u>856,949</u> | <u>832,148</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>39,616</u> | <u>55,591</u> |
| Other financing sources: | | | | |
| Transfer in | - | - | - | 6,241 |
| Insurance recoveries | - | - | - | - |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,241</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | <u>39,616</u> | <u>61,832</u> |
| Fund balance - January 1 | | | <u>616,912</u> | <u>555,080</u> |
| Fund balance - December 31 | | | <u>\$656,528</u> | <u>\$616,912</u> |

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|--------------------------------------|------------------|-----------------|------------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services: | | | | |
| Rent | \$70,200 | \$70,200 | \$47,651 | \$73,065 |
| Other | - | - | - | - |
| Investment income | 400 | 400 | 431 | 765 |
| Other | 500 | 500 | 1,359 | 349 |
| Total revenues | <u>71,100</u> | <u>71,100</u> | <u>49,441</u> | <u>74,179</u> |
| Expenditures: | | | | |
| Culture and recreation: | | | | |
| Current: | | | | |
| Materials and supplies | 2,100 | 2,100 | 1,682 | 910 |
| Other services and charges | 108,620 | 108,620 | 110,983 | 97,831 |
| Total current | 110,720 | 110,720 | 112,665 | 98,741 |
| Capital Outlay | 5,400 | 5,400 | - | - |
| Total expenditures | <u>116,120</u> | <u>116,120</u> | <u>112,665</u> | <u>98,741</u> |
| Revenues over (under) expenditures | <u>(45,020)</u> | <u>(45,020)</u> | <u>(63,224)</u> | <u>(24,562)</u> |
| Other financing sources: | | | | |
| Insurance recoveries | - | - | 8,293 | - |
| Transfer in | 45,020 | 45,020 | 50,716 | 27,464 |
| Total other financing sources (uses) | <u>45,020</u> | <u>45,020</u> | <u>59,009</u> | <u>27,464</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | (4,215) | 2,902 |
| Fund balance - January 1 | | | <u>76,674</u> | <u>73,772</u> |
| Fund balance - December 31 | | | <u><u>\$72,459</u></u> | <u><u>\$76,674</u></u> |



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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|--------------------------------------|------------------|-----------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services: | | | | |
| Rent | \$117,400 | \$117,400 | \$121,309 | \$116,140 |
| Other | 5,902 | 5,902 | 8,814 | 6,205 |
| Intergovernmental: | | | | |
| State operations reimbursement | 66,488 | 66,488 | 66,231 | 30,689 |
| Itasca County | 20,000 | 20,000 | 20,000 | 20,000 |
| Federal | - | - | 24,158 | 53,472 |
| Investment income | 1,950 | 1,950 | 262 | 565 |
| Other | - | - | 3,212 | - |
| Total revenues | <u>211,740</u> | <u>211,740</u> | <u>243,986</u> | <u>227,071</u> |
| Expenditures: | | | | |
| Public works: | | | | |
| Current: | | | | |
| Personnel services | 91,046 | 91,046 | 90,593 | 115,315 |
| Materials and supplies | 39,250 | 39,250 | 31,683 | 12,228 |
| Other services and charges | 101,444 | 101,444 | 114,588 | 141,281 |
| Total current | <u>231,740</u> | <u>231,740</u> | <u>236,864</u> | <u>268,824</u> |
| Capital outlay | - | - | 11,239 | 6,019 |
| Total expenditures | <u>231,740</u> | <u>231,740</u> | <u>248,103</u> | <u>274,843</u> |
| Revenues over (under) expenditures | <u>(20,000)</u> | <u>(20,000)</u> | <u>(4,117)</u> | <u>(47,772)</u> |
| Other financing sources: | | | | |
| Sale of capital assets | - | - | - | 4,000 |
| Insurance recoveries | - | - | 5,914 | - |
| Transfer in | 20,000 | 20,000 | 20,000 | 20,000 |
| Total other financing sources (uses) | <u>20,000</u> | <u>20,000</u> | <u>25,914</u> | <u>24,000</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 21,797 | (23,772) |
| Fund balance - January 1 | | | <u>128,826</u> | <u>152,598</u> |
| Fund balance - December 31 | | | <u>\$150,623</u> | <u>\$128,826</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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|--------------------------------------|------------------|-----------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services: | | | | |
| Rent | \$589,321 | \$589,321 | \$588,587 | \$421,120 |
| Concessions | - | - | - | 57,215 |
| Advertising | 78,000 | 78,000 | 63,130 | 71,321 |
| Other | 6,800 | 6,800 | 8,041 | 8,635 |
| Investment income | - | - | 1 | - |
| Total revenues | <u>674,121</u> | <u>674,121</u> | <u>659,759</u> | <u>558,291</u> |
| Expenditures: | | | | |
| Culture and recreation: | | | | |
| Current: | | | | |
| Personnel services | 258,670 | 258,670 | 214,386 | 225,896 |
| Materials and supplies | 20,200 | 20,200 | 13,546 | 43,469 |
| Other services and charges | 322,883 | 322,883 | 386,804 | 246,411 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>601,753</u> | <u>601,753</u> | <u>614,736</u> | <u>515,776</u> |
| Revenues over (under) expenditures | <u>72,368</u> | <u>72,368</u> | <u>45,023</u> | <u>42,515</u> |
| Other financing sources (uses): | | | | |
| Insurance recoveries | - | - | 41,244 | - |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>41,244</u> | <u>0</u> |
| Net change in fund balance | <u>\$72,368</u> | <u>\$72,368</u> | 86,267 | 42,515 |
| Fund balance (deficit) - January 1 | | | <u>(133,681)</u> | <u>(176,196)</u> |
| Fund balance (deficit) - December 31 | | | <u>(\$47,414)</u> | <u>(\$133,681)</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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|------------------------------------|------------------|--------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Other Revenue | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| State: | | | | |
| Haz-Mat reimbursement | 60,000 | 60,000 | 65,057 | 59,560 |
| Total revenues | 60,000 | 60,000 | 65,057 | 59,560 |
| Expenditures: | | | | |
| Public safety: | | | | |
| Current: | | | | |
| Personnel services | 26,200 | 26,200 | 24,132 | 18,712 |
| Materials and supplies | 13,800 | 13,800 | 13,047 | 26,401 |
| Other services and charges | 20,000 | 20,000 | 17,469 | 13,265 |
| Capital outlay | - | - | 10,409 | 1,182 |
| Total expenditures | 60,000 | 60,000 | 65,057 | 59,560 |
| Revenues over (under) expenditures | \$0 | \$0 | 0 | 0 |
| Fund balance - January 1 | | | 1,009 | 1,009 |
| Fund balance - December 31 | | | \$1,009 | \$1,009 |

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|------------------------------------|-------------------|-------------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$8,000 | \$8,000 | \$2,438 | \$10,136 |
| Fines and forfeits | - | - | 1,861 | 525 |
| Investment income | - | - | 613 | 805 |
| Miscellaneous | 500 | 500 | 10,113 | - |
| Total revenues | <u>8,500</u> | <u>8,500</u> | <u>15,025</u> | <u>11,466</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Current: | | | | |
| Materials and supplies | 3,500 | 3,500 | 13,043 | 10,496 |
| Other services and charges | 2,000 | 2,000 | - | 1,200 |
| Capital outlay | 20,000 | 20,000 | - | - |
| Total expenditures | <u>25,500</u> | <u>25,500</u> | <u>13,043</u> | <u>11,696</u> |
| Revenues over (under) expenditures | (17,000) | (17,000) | 1,982 | (230) |
| Other financing sources: | | | | |
| Transfers out | - | - | - | - |
| Net change in fund balance | <u>(\$17,000)</u> | <u>(\$17,000)</u> | 1,982 | (230) |
| Fund balance - January 1 | | | <u>76,220</u> | <u>76,450</u> |
| Fund balance - December 31 | | | <u>\$78,202</u> | <u>\$76,220</u> |

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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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|------------------------------------|------------------|----------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| General property taxes | \$202,728 | \$202,728 | \$199,310 | \$189,203 |
| Intergovernmental: | | | | |
| State: | | | | |
| Supplemental aid | 10,084 | 10,084 | 10,084 | 9,583 |
| Other | - | - | 21,282 | 0 |
| Charges for services: | | | | |
| Cemetery | 35,150 | 35,150 | 51,908 | 56,314 |
| Investment income | 650 | 650 | 530 | 648 |
| Other | 1,000 | 1,000 | 1,195 | 1,624 |
| Total revenues | <u>249,612</u> | <u>249,612</u> | <u>284,309</u> | <u>257,372</u> |
| Expenditures: | | | | |
| Public works: | | | | |
| Current: | | | | |
| Personnel services | 189,622 | 189,622 | 214,954 | 201,295 |
| Materials and supplies | 14,600 | 14,600 | 10,378 | 13,306 |
| Other services and charges | 45,390 | 45,390 | 33,662 | 32,765 |
| Capital Outlay | - | - | 82,641 | 32,475 |
| Total expenditures | <u>249,612</u> | <u>249,612</u> | <u>341,635</u> | <u>279,841</u> |
| Revenues over (under) expenditures | - | - | (57,326) | (22,469) |
| Other financing sources: | | | | |
| Transfers in | - | - | 82,585 | 32,475 |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 25,259 | 10,006 |
| Fund balance - January 1 | | | <u>110,397</u> | <u>100,391</u> |
| Fund balance - December 31 | | | <u>\$135,656</u> | <u>\$110,397</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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 34

| | 2021 | | Actual Amounts | 2020 Actual Amounts |
|------------------------------------|------------------|---------------|-------------------|---------------------------|
| | Budgeted Amounts | | | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$3,000 | \$3,000 | \$3,262 | \$3,000 |
| Fines and forfeits | 36,500 | 36,500 | 22,530 | 35,281 |
| Donations | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | <u>39,500</u> | <u>39,500</u> | <u>25,792</u> | <u>38,281</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Current: | | | | |
| Personnel services | 49,251 | 49,251 | 47,586 | 44,908 |
| Materials and supplies | 3,500 | 3,500 | 3,412 | 1,978 |
| Other services and charges | 18,525 | 18,525 | 13,569 | 14,614 |
| Total expenditures | <u>71,276</u> | <u>71,276</u> | <u>64,567</u> | <u>61,500</u> |
| Revenues over (under) expenditures | (31,776) | (31,776) | (38,775) | (23,219) |
| Other financing sources: | | | | |
| Transfers in | <u>31,776</u> | <u>31,776</u> | <u>37,778</u> | <u>24,100</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | (997) | 881 |
| Fund balance - January 1 | | | <u>11,504</u> | <u>10,623</u> |
| Fund balance - December 31 | | | <u>\$10,507</u> | <u>\$11,504</u> |

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
 December 31, 2021
 With Comparative Totals For December 31, 2020

| | 872 Lodging Tax | 877 Cable TV Commision | Total |
|----------------------|-----------------|---------------------------|----------|
| Assets: | | | |
| Cash and investments | \$18,232 | \$77,554 | \$95,786 |
| Receivables: | | | |
| Accounts | - | - | - |
| Prepaid items | - | 580 | 580 |
| Total assets | 18,232 | 78,134 | 96,366 |
| Liabilities: | | | |
| Accounts payable | 18,232 | 78,134 | 96,366 |
| Total liabilities | 18,232 | 78,134 | 96,366 |
| Net position: | | | |
| Restricted | \$ - | \$ - | \$ - |

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

| | 872 Lodging | 877 Cable TV | Totals | |
|---|----------------|----------------|----------------|----------------|
| | Tax | Commision | 2021 | 2020 |
| Additions: | | | | |
| Lodging tax collections | \$356,555 | \$ - | \$356,555 | \$252,385 |
| Cable franchise fee collections | - | 259,158 | 259,158 | 314,553 |
| Total additions | <u>356,555</u> | <u>259,158</u> | <u>615,713</u> | <u>566,938</u> |
| Deductions: | | | | |
| Payments to other entities | 337,595 | 251,467 | 589,062 | 546,532 |
| Administrative fees | 18,960 | 7,691 | 26,651 | 20,406 |
| Total deductions | <u>356,555</u> | <u>259,158</u> | <u>615,713</u> | <u>566,938</u> |
| Net increase (decrease) in fiduciary net position | - | - | - | - |
| Net position - beginning | - | - | - | - |
| Net position - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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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, 2021
 With Comparative Totals For December 31, 2020

Item 1.

Statement 37

| Assets | General | Capital Project | Totals | |
|---|-----------------|--------------------|--------------------|--------------------|
| | | | 2021 | 2020 |
| Cash and investments | \$18,096 | \$866,047 | \$884,143 | \$954,130 |
| Accounts receivable | - | 47,080 | 47,080 | 49,489 |
| Due from other governmental units | - | 18,551 | 18,551 | 8,857 |
| Inventory - land held for resale | - | 3,401,507 | 3,401,507 | 2,995,877 |
| Prepaid expenses | - | - | - | 2,000 |
| Notes receivable | - | 1,042,609 | 1,042,609 | 1,230,652 |
| Total assets | \$18,096 | \$5,375,794 | \$5,393,890 | \$5,241,005 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$15,799 | \$15,799 | \$27,061 |
| Deposits payable | - | 1,605 | 1,605 | 1,535 |
| Due to primary government | - | - | - | 600 |
| Due to other governmental units | - | 80,361 | 80,361 | 105,452 |
| Total liabilities | 0 | 97,765 | 97,765 | 134,648 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | - | 4,456,924 | 4,456,924 | 4,230,984 |
| Total deferred inflows of resources | 0 | 4,456,924 | 4,456,924 | 4,230,984 |
| Fund balance: | | | | |
| Nonspendable | - | - | - | 2,000 |
| Assigned | - | 821,105 | 821,105 | 870,493 |
| Unassigned | 18,096 | - | 18,096 | 2,880 |
| Total fund balance | 18,096 | 821,105 | 839,201 | 875,373 |
| Total liabilities, deferred inflows of resources, and fund balance | \$18,096 | \$5,375,794 | \$5,393,890 | \$5,241,005 |

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, 2021

With Comparative Totals For The Year Ended December 31, 2020

| | General | Capital Project | Totals | |
|---|---------------|--------------------|------------------|------------------|
| | | | 2021 | 2020 |
| Revenues: | | | | |
| General property taxes | \$30,000 | \$25,175 | \$55,175 | \$56,221 |
| Intergovernmental | - | 166,417 | 166,417 | 747,173 |
| Charges for services | - | 3,705 | 3,705 | 11,817 |
| Investment income | 95 | 6,913 | 7,008 | 9,609 |
| Contributions | - | - | - | - |
| Miscellaneous: | | | | |
| Loan repayment | - | 302,023 | 302,023 | 267,922 |
| Other | - | 38,039 | 38,039 | 36,914 |
| Total revenues | 30,095 | 542,272 | 572,367 | 1,129,656 |
| Expenditures: | | | | |
| Economic development: | | | | |
| Current: | | | | |
| Materials and supplies | 12 | - | 12 | 13 |
| Other services and charges | 14,867 | 289,652 | 304,519 | 224,592 |
| Grants issued | - | - | - | 411,000 |
| Loan disbursement | - | 120,000 | 120,000 | 1,045,000 |
| Capital outlay | - | 134,927 | 134,927 | - |
| Debt service: | | | | |
| Principal | - | 210,489 | 210,489 | 51,418 |
| Interest | - | 4,092 | 4,092 | 12,666 |
| Total expenditures | 14,879 | 759,160 | 774,039 | 1,744,689 |
| Revenues over (under) expenditures | 15,216 | (216,888) | (201,672) | (615,033) |
| Other financing sources: | | | | |
| Sale of land held for resale | - | 25,500 | 25,500 | 175,000 |
| Proceeds from loan issuance | - | 140,000 | 140,000 | 650,000 |
| Total other financial sources | - | 165,500 | 165,500 | 825,000 |
| Net change in fund balance | 15,216 | (51,388) | (36,172) | 209,967 |
| Fund balance - January 1 | 2,880 | 872,493 | 875,373 | 665,406 |
| Fund balance - December 31 | \$18,096 | \$821,105 | \$839,201 | \$875,373 |

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Grand Rapid's Comprehensive Annual 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

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

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | |
| Net investment in capital assets | \$30,975,963 | \$31,861,617 | \$33,830,578 | \$33,884,548 |
| Restricted | 12,077,081 | 12,808,310 | 10,281,228 | 9,803,311 |
| Unrestricted | 7,680,276 | 7,617,727 | 4,784,327 | 4,927,309 |
| Total governmental activities net position | <u>\$50,733,320</u> | <u>\$52,287,654</u> | <u>\$48,896,133</u> | <u>\$48,615,168</u> |
| Business type activities: | | | | |
| Net investment in capital assets | \$2,755,540 | \$2,864,018 | \$2,894,190 | \$2,841,005 |
| Restricted | - | - | - | - |
| Unrestricted | 339,608 | 272,420 | 424,469 | 494,673 |
| Total business-type activities net position | <u>\$3,095,148</u> | <u>\$3,136,438</u> | <u>\$3,318,659</u> | <u>\$3,335,678</u> |
| Primary government: | | | | |
| Net investment in capital assets | \$33,731,503 | \$34,725,635 | \$36,724,768 | \$36,725,553 |
| Restricted | 12,077,081 | 12,808,310 | 10,281,228 | 9,803,311 |
| Unrestricted | 8,019,884 | 7,890,147 | 5,208,796 | 5,421,982 |
| Total primary government net position | <u>\$53,828,468</u> | <u>\$55,424,092</u> | <u>\$52,214,792</u> | <u>\$51,950,846</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.

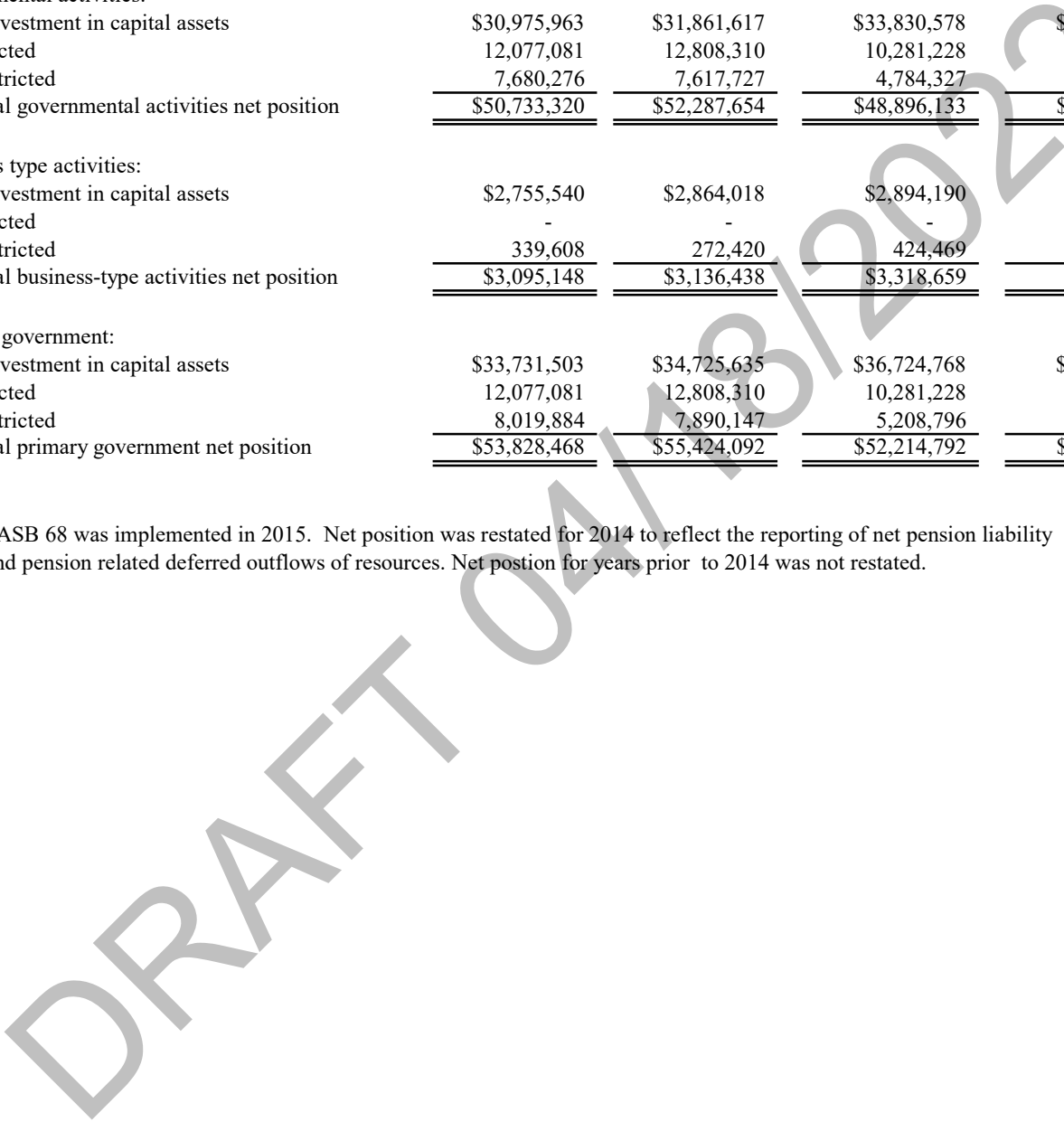


Table 1

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$36,971,014 | \$37,512,555 | \$40,214,116 | \$42,846,042 | \$45,277,093 | \$48,653,953 |
| 10,100,529 | 13,147,731 | 10,060,607 | 10,896,992 | 10,530,098 | 9,501,590 |
| 2,940,736 | (1,186,433) | 814,352 | 1,270,800 | 2,115,273 | 3,455,057 |
| <u>\$50,012,279</u> | <u>\$49,473,853</u> | <u>\$51,089,075</u> | <u>\$55,013,834</u> | <u>\$57,922,464</u> | <u>\$61,610,600</u> |
| \$2,797,345 | \$2,904,137 | \$2,954,613 | \$2,888,261 | \$2,708,980 | \$2,756,809 |
| - | - | - | - | - | - |
| 337,782 | 14,513 | (60,547) | (74,841) | 214,488 | 624,115 |
| <u>\$3,135,127</u> | <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> |
| \$39,768,359 | \$40,416,692 | \$43,168,729 | \$45,734,303 | \$47,986,073 | \$51,410,762 |
| 10,100,529 | 13,147,731 | 10,060,607 | 10,896,992 | 10,530,098 | 9,501,590 |
| 3,278,518 | (1,171,920) | 753,805 | 1,195,959 | 2,329,761 | 4,079,172 |
| <u>\$53,147,406</u> | <u>\$52,392,503</u> | <u>\$53,983,141</u> | <u>\$57,827,254</u> | <u>\$60,845,932</u> | <u>\$64,991,524</u> |

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CITY OF GRAND RAPIDS, MINNESOTA
 CHANGES IN NET POSITION
 Last Ten Fiscal Years

Item 1.

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$2,206,280 | \$2,420,199 | \$3,701,667 | \$2,993,026 |
| Public safety | 2,929,368 | 3,117,628 | 3,382,829 | 3,674,182 |
| Public works | 6,772,303 | 5,601,025 | 5,417,245 | 5,239,892 |
| Culture and recreation | 2,235,595 | 2,000,748 | 2,054,143 | 2,028,067 |
| Interest and fees on long-term debt | 921,653 | 1,309,223 | 834,833 | 740,526 |
| Total governmental activities expenses | <u>15,065,199</u> | <u>14,448,823</u> | <u>15,390,717</u> | <u>14,675,693</u> |
| Business-type activities: | | | | |
| Golf course | 561,484 | 554,933 | 554,859 | 598,114 |
| Storm water utility | 341,287 | 434,932 | 425,389 | 440,557 |
| Total business-type activities expenses | <u>902,771</u> | <u>989,865</u> | <u>980,248</u> | <u>1,038,671</u> |
| Total primary government expenses | <u>\$15,967,970</u> | <u>\$15,438,688</u> | <u>\$16,370,965</u> | <u>\$15,714,364</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$434,949 | \$590,194 | \$563,808 | \$565,218 |
| Public safety | 433,622 | 478,032 | 527,001 | 561,365 |
| Public works | 419,069 | 716,553 | 424,349 | 323,177 |
| Culture and recreation: | | | | |
| Ice rent | 440,565 | 451,836 | 474,909 | 484,801 |
| Other activities | 521,523 | 500,351 | 526,763 | 532,720 |
| Operating grants and contributions | 1,572,878 | 1,358,914 | 1,980,477 | 1,615,576 |
| Capital grants and contributions | 3,737,070 | 3,439,782 | 1,757,480 | 806,243 |
| Total governmental activities program revenues | <u>7,559,676</u> | <u>7,535,662</u> | <u>6,254,787</u> | <u>4,889,100</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Golf course | 561,653 | 524,670 | 555,588 | 589,499 |
| Storm water utility | 498,189 | 551,049 | 553,074 | 563,011 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 100 | - | 46,388 | - |
| Total business-type activities program revenues | <u>1,059,942</u> | <u>1,075,719</u> | <u>1,155,050</u> | <u>1,152,510</u> |
| Total primary government program revenues | <u>\$8,619,618</u> | <u>\$8,611,381</u> | <u>\$7,409,837</u> | <u>\$6,041,610</u> |
| Net (expense) revenue: | | | | |
| Governmental activities | (\$7,505,523) | (\$6,913,161) | (\$9,135,930) | (\$9,786,593) |
| Business-type activities | 157,171 | 85,854 | 174,802 | 113,839 |
| Total primary government net (expense) revenue | <u>(7,348,352)</u> | <u>(6,827,307)</u> | <u>(8,961,128)</u> | <u>(9,672,754)</u> |

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Table 2
Page 1 of 2

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$3,649,895 | \$3,096,685 | \$3,027,254 | \$4,330,097 | \$4,566,308 | \$3,727,831 |
| 4,208,454 | 3,807,777 | 3,551,574 | 3,872,939 | 3,811,071 | 3,890,065 |
| 5,646,605 | 6,368,065 | 6,569,274 | 8,735,821 | 7,451,179 | 6,633,805 |
| 2,367,449 | 2,327,649 | 2,387,392 | 2,215,769 | 1,825,496 | 1,954,824 |
| 731,702 | 871,133 | 662,757 | 654,344 | 625,932 | 715,158 |
| <u>16,604,105</u> | <u>16,471,309</u> | <u>16,198,251</u> | <u>19,808,970</u> | <u>18,279,986</u> | <u>16,921,683</u> |
| 651,127 | 683,231 | 628,752 | 630,928 | 636,642 | 712,099 |
| 688,176 | 701,325 | 755,772 | 743,983 | 657,178 | 613,529 |
| <u>1,339,303</u> | <u>1,384,556</u> | <u>1,384,524</u> | <u>1,374,911</u> | <u>1,293,820</u> | <u>1,325,628</u> |
| <u>\$17,943,408</u> | <u>\$17,855,865</u> | <u>\$17,582,775</u> | <u>\$21,183,881</u> | <u>\$19,573,806</u> | <u>\$18,247,311</u> |
| \$458,276 | \$559,770 | \$425,485 | \$1,126,227 | \$649,606 | \$591,979 |
| 580,225 | 587,714 | 614,953 | 717,861 | 781,224 | 879,364 |
| 326,167 | 1,048,588 | 897,927 | 488,316 | 1,387,390 | 505,483 |
| 496,778 | 509,811 | 526,840 | 562,840 | 421,120 | 588,587 |
| 551,263 | 531,064 | 463,216 | 450,658 | 383,881 | 305,231 |
| 2,262,521 | 1,179,042 | 1,878,743 | 2,536,708 | 3,169,921 | 2,153,675 |
| <u>3,523,916</u> | <u>1,410,953</u> | <u>2,730,703</u> | <u>7,022,082</u> | <u>1,088,517</u> | <u>4,403,281</u> |
| <u>8,199,146</u> | <u>5,826,942</u> | <u>7,537,867</u> | <u>12,904,692</u> | <u>7,881,659</u> | <u>9,427,600</u> |
| 569,276 | 567,053 | 582,728 | 597,184 | 653,736 | 781,728 |
| 567,357 | 592,947 | 718,751 | 696,628 | 746,488 | 875,888 |
| - | - | - | - | - | - |
| - | - | - | - | - | 115,400 |
| <u>1,136,633</u> | <u>1,160,000</u> | <u>1,301,479</u> | <u>1,293,812</u> | <u>1,400,224</u> | <u>1,773,016</u> |
| <u>\$9,335,779</u> | <u>\$6,986,942</u> | <u>\$8,839,346</u> | <u>\$14,198,504</u> | <u>\$9,281,883</u> | <u>\$11,200,616</u> |
| (\$8,404,959) | (\$10,644,367) | (\$8,660,384) | (\$6,904,278) | (\$10,398,327) | (\$7,494,083) |
| <u>(202,670)</u> | <u>(224,556)</u> | <u>(83,045)</u> | <u>(81,099)</u> | <u>106,404</u> | <u>447,388</u> |
| <u>(8,607,629)</u> | <u>(10,868,923)</u> | <u>(8,743,429)</u> | <u>(6,985,377)</u> | <u>(10,291,923)</u> | <u>(7,046,695)</u> |

| | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2012 | 2013 | 2014 | 2015 |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Taxes | \$5,725,515 | \$5,896,074 | \$6,022,589 | \$6,640,739 |
| Payments in lieu of taxes (PILOT) | 854,998 | 901,179 | 903,494 | 902,766 |
| Unrestricted grants and contributions | 1,382,817 | 1,442,510 | 1,740,285 | 1,742,132 |
| Investment earnings | 128,235 | 80,298 | 122,519 | 109,041 |
| Gain on sale of capital assets | 83,853 | 67,523 | 6,900 | - |
| Insurance recoveries and other | 63,471 | 26,696 | 20,924 | 7,450 |
| Special item - Grand Rapids / Itasca County Airport | - | - | - | - |
| Special item - merger with Grand Rapids Township | - | - | - | - |
| Transfers | 103,500 | 53,215 | 3,500 | 103,500 |
| Total governmental activities | <u>8,342,389</u> | <u>8,467,495</u> | <u>8,820,211</u> | <u>9,505,628</u> |
| Business-type activities: | | | | |
| Unrestricted grants and contributions | - | - | - | - |
| Investment earnings | 5,885 | 3,385 | 6,919 | 6,349 |
| Gain on sale of capital assets | 5,530 | 5,266 | - | 331 |
| Insurance recoveries | - | - | 4,000 | - |
| Transfers | (103,500) | (53,215) | (3,500) | (103,500) |
| Total business-type activities | <u>(92,085)</u> | <u>(44,564)</u> | <u>7,419</u> | <u>(96,820)</u> |
| Total primary government | <u>\$8,250,304</u> | <u>\$8,422,931</u> | <u>\$8,827,630</u> | <u>\$9,408,808</u> |
| Change in net position: | | | | |
| Government activities | \$3,402,619 | \$961,972 | \$1,907,050 | \$369,698 |
| Business-type activities | 40,858 | 112,607 | 93,273 | 77,982 |
| Total primary government | <u>\$3,443,477</u> | <u>\$1,074,579</u> | <u>\$2,000,323</u> | <u>\$447,680</u> |

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

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Table 2
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| Fiscal Year | | | | | |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$6,945,795 | \$7,239,603 | \$7,354,409 | \$7,629,869 | \$7,659,562 | \$7,924,863 |
| 903,478 | 906,119 | 915,788 | 913,682 | 911,762 | 914,886 |
| 1,776,992 | 1,759,578 | 1,864,606 | 1,843,498 | 2,086,492 | 2,096,967 |
| 107,331 | 121,034 | 133,871 | 206,030 | 136,466 | 107,623 |
| 14,196 | 60,429 | 21,576 | 199,455 | 2,512,675 | 67,402 |
| 50,778 | 15,678 | 14,856 | - | - | 70,478 |
| - | - | - | - | - | - |
| - | - | - | 33,003 | - | - |
| 3,500 | 3,500 | (29,500) | 3,500 | - | - |
| <u>9,802,070</u> | <u>10,105,941</u> | <u>10,275,606</u> | <u>10,829,037</u> | <u>13,306,957</u> | <u>11,182,219</u> |
| - | 1,000 | - | - | - | - |
| 5,619 | 3,884 | 3,322 | 3,953 | 3,644 | 5,229 |
| - | 5,750 | 895 | - | - | - |
| - | 945 | 24,744 | - | - | - |
| (3,500) | (3,500) | 29,500 | (3,500) | - | - |
| <u>2,119</u> | <u>8,079</u> | <u>58,461</u> | <u>453</u> | <u>3,644</u> | <u>5,229</u> |
| <u>\$9,804,189</u> | <u>\$10,114,020</u> | <u>\$10,334,067</u> | <u>\$10,829,490</u> | <u>\$13,310,601</u> | <u>\$11,187,448</u> |
| \$15,477 | \$1,700,982 | (\$368,761) | \$3,924,759 | \$2,908,630 | \$3,688,136 |
| 115,958 | (194,591) | (166,095) | (80,646) | 110,048 | 452,617 |
| <u>\$131,435</u> | <u>\$1,506,391</u> | <u>(\$534,856)</u> | <u>\$3,844,113</u> | <u>\$3,018,678</u> | <u>\$4,140,753</u> |

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CITY OF GRAND RAPIDS, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS⁽¹⁾
 Last Ten Fiscal Years

Item 1.

| | Fiscal Year | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2013 | 2014 | 2015 |
| General Fund: | | | | |
| Fund balance: | | | | |
| Nonspendable | \$882,863 | \$607,301 | \$401,947 | \$306,783 |
| Restricted | 13,186 | 12,479 | 14,268 | 17,185 |
| Committed | 156,520 | 243,403 | 331,201 | 422,995 |
| Unassigned | 4,463,866 | 4,633,494 | 4,903,066 | 5,253,912 |
| Total general fund | <u>5,516,435</u> | <u>5,496,677</u> | <u>5,650,482</u> | <u>6,000,875</u> |
| All other governmental funds: | | | | |
| Fund balance: | | | | |
| Nonspendable | 408,722 | 206,417 | 23,387 | 26,659 |
| Restricted | 7,830,851 | 8,922,847 | 6,607,864 | 7,012,776 |
| Committed | 662,669 | 601,378 | 636,819 | 646,943 |
| Assigned | 1,989,644 | 1,684,947 | 1,819,910 | 2,076,696 |
| Unassigned | (964,192) | (546,851) | (117,775) | (184,210) |
| Total all other government funds | <u>9,927,694</u> | <u>10,868,738</u> | <u>8,970,205</u> | <u>9,578,864</u> |
| Total all funds | <u>\$15,444,129</u> | <u>\$16,365,415</u> | <u>\$14,620,687</u> | <u>\$15,579,739</u> |

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Table 3

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$636,954 | \$1,108,226 | \$1,146,321 | \$1,236,463 | \$1,471,076 | \$1,652,993 |
| 17,577 | 21,677 | 19,419 | 22,535 | 35,950 | 39,516 |
| 517,869 | 613,922 | 713,901 | 817,236 | 925,572 | 1,049,832 |
| 5,066,530 | 4,526,746 | 4,339,372 | 4,544,575 | 4,909,111 | 4,812,207 |
| <u>6,238,930</u> | <u>6,270,571</u> | <u>6,219,013</u> | <u>6,620,809</u> | <u>7,341,709</u> | <u>7,554,548</u> |
| 18,334 | 37,351 | 38,130 | 79,738 | 52,941 | 45,109 |
| 7,033,902 | 9,945,077 | 7,212,565 | 7,108,403 | 6,792,754 | 6,282,145 |
| 804,728 | 748,398 | 736,371 | 780,416 | 853,737 | 931,143 |
| 1,480,898 | 1,433,487 | 2,110,453 | 1,677,812 | 1,811,774 | 2,364,975 |
| (579,562) | (929,731) | (798,902) | (537,062) | (944,929) | (1,920,561) |
| <u>8,758,300</u> | <u>11,234,582</u> | <u>9,298,617</u> | <u>9,109,307</u> | <u>8,566,277</u> | <u>7,702,811</u> |
| <u>\$14,997,230</u> | <u>\$17,505,153</u> | <u>\$15,517,630</u> | <u>\$15,730,116</u> | <u>\$15,907,986</u> | <u>\$15,257,359</u> |

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

| | Fiscal Year | | | |
|---|--------------------|--------------------|----------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | |
| Taxes | \$6,553,504 | \$6,772,986 | \$6,951,608 | \$7,549,081 |
| Licenses and permits | 202,354 | 324,015 | 275,941 | 343,241 |
| Intergovernmental | 4,434,468 | 4,671,032 | 5,014,278 | 3,887,034 |
| Special assessments | 1,546,363 | 1,760,500 | 990,937 | 835,650 |
| Charges for services | 3,658,568 | 2,160,357 | 2,021,418 | 1,945,088 |
| Fines and forfeits | 160,984 | 204,756 | 172,374 | 150,911 |
| Investment income | 128,235 | 80,298 | 122,519 | 109,041 |
| Other | 350,181 | 388,486 | 441,708 | 378,950 |
| Total revenues | <u>17,034,657</u> | <u>16,362,430</u> | <u>15,990,783</u> | <u>15,198,996</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,864,611 | 2,013,753 | 2,591,609 | 2,318,002 |
| Public safety | 2,639,573 | 2,829,259 | 3,074,009 | 3,224,886 |
| Public works | 2,786,207 | 2,853,198 | 3,188,479 | 2,575,664 |
| Culture and recreation | 1,709,487 | 1,731,099 | 1,735,137 | 1,720,627 |
| Miscellaneous | 393,733 | 523,877 | 570,460 | 545,535 |
| Capital outlay/construction | 7,640,162 | 6,370,341 | 3,698,823 | 749,073 |
| Decertify TIF districts | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 3,239,850 | 3,925,000 | 5,040,000 | 2,475,000 |
| Interest | 802,977 | 881,735 | 815,457 | 764,607 |
| Paying agent fees | 8,630 | 8,855 | 8,775 | 8,000 |
| Bond issuance costs | 127,049 | 112,905 | 70,491 | - |
| Total expenditures | <u>21,212,279</u> | <u>21,250,022</u> | <u>20,793,240</u> | <u>14,381,394</u> |
| Revenues over (under) expenditures | <u>(4,177,622)</u> | <u>(4,887,592)</u> | <u>(4,802,457)</u> | <u>817,602</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 51,788 | 55,254 | 6,900 | 2,000 |
| Capital lease proceeds | - | - | - | - |
| Issuance of refunding bonds | - | 1,525,000 | - | - |
| Bond issuance/bond premium | 7,397,605 | 4,134,377 | 3,000,000 | - |
| Insurance recoveries | 105,707 | 41,032 | 47,329 | 35,950 |
| Redemption of refunded bonds | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers in | 705,445 | 1,855,266 | 1,053,297 | 602,038 |
| Transfers out | (601,945) | (1,802,051) | (1,049,797) | (498,538) |
| Total other financing sources (uses) | <u>7,658,600</u> | <u>5,808,878</u> | <u>3,057,729</u> | <u>141,450</u> |
| Special items: | | | | |
| Grand Rapids / Itasca County Airport | - | - | - | - |
| Merger with Grand Rapids Township | - | - | - | - |
| Net change in fund balance | <u>\$3,480,978</u> | <u>\$921,286</u> | <u>(\$1,744,728)</u> | <u>\$959,052</u> |
| Debt service as a percentage of noncapital expenditures | 28.2% | 28.8% | 33.4% | 23.5% |

Table 4

| Fiscal Year | | | | | |
|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$7,802,196 | \$8,179,557 | \$8,217,883 | \$8,490,925 | \$8,536,045 | \$8,758,762 |
| 259,518 | 332,376 | 212,505 | 499,947 | 450,688 | 384,777 |
| 5,726,983 | 3,771,612 | 5,860,934 | 10,498,053 | 5,742,470 | 8,423,475 |
| 989,932 | 631,282 | 762,813 | 514,977 | 432,474 | 341,486 |
| 1,980,441 | 2,083,233 | 2,089,178 | 2,163,196 | 2,067,732 | 2,219,548 |
| 140,003 | 116,367 | 114,828 | 112,553 | 92,407 | 98,337 |
| 107,331 | 121,034 | 133,871 | 206,030 | 136,466 | 107,623 |
| 899,017 | 1,093,069 | 712,397 | 312,273 | 1,063,428 | 242,963 |
| <u>17,905,421</u> | <u>16,328,530</u> | <u>18,104,409</u> | <u>22,797,954</u> | <u>18,521,710</u> | <u>20,576,971</u> |
| 3,047,872 | 2,404,189 | 2,426,762 | 3,525,148 | 2,960,690 | 3,094,350 |
| 3,338,016 | 3,340,909 | 3,608,088 | 3,798,604 | 3,847,373 | 4,020,689 |
| 2,731,258 | 2,822,303 | 2,795,132 | 2,864,435 | 2,984,860 | 3,275,655 |
| 1,947,341 | 1,931,650 | 2,015,958 | 1,869,413 | 1,525,058 | 1,663,705 |
| 514,541 | 553,452 | 562,856 | 332,564 | 1,214,096 | 569,299 |
| 5,870,681 | 4,736,594 | 4,546,229 | 8,813,591 | 7,745,469 | 12,160,921 |
| - | 91,038 | - | 95,693 | - | - |
| 2,590,000 | 2,597,000 | 5,420,000 | 2,480,000 | 2,480,000 | 2,515,000 |
| 711,789 | 680,534 | 669,089 | 629,512 | 613,237 | 578,766 |
| 7,600 | 7,150 | 6,250 | 6,350 | 6,850 | 6,600 |
| 52,693 | 112,018 | 60,199 | 50,948 | 57,920 | 116,617 |
| <u>20,811,791</u> | <u>19,276,837</u> | <u>22,110,563</u> | <u>24,466,258</u> | <u>23,435,553</u> | <u>28,001,602</u> |
| <u>(2,906,370)</u> | <u>(2,948,307)</u> | <u>(4,006,154)</u> | <u>(1,668,304)</u> | <u>(4,913,843)</u> | <u>(7,424,631)</u> |
| 55,400 | 133,885 | 47,887 | 210,616 | 2,526,905 | 51,402 |
| - | - | - | - | - | - |
| - | 3,013,286 | - | - | 2,275,000 | 6,255,000 |
| 2,214,183 | 2,289,881 | 1,973,026 | 1,647,547 | 83,520 | 370,304 |
| 50,778 | 15,678 | 27,218 | 19,127 | 206,288 | 97,298 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,002,717 | 4,116,142 | 2,096,040 | 982,070 | 806,486 | 1,297,912 |
| (999,217) | (4,112,642) | (2,125,540) | (978,570) | (806,486) | (1,297,912) |
| <u>2,323,861</u> | <u>5,456,230</u> | <u>2,018,631</u> | <u>1,880,790</u> | <u>5,091,713</u> | <u>6,774,004</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>(\$582,509)</u> | <u>\$2,507,923</u> | <u>(\$1,987,523)</u> | <u>\$212,486</u> | <u>\$177,870</u> | <u>(\$650,627)</u> |
| 22.1% | 21.3% | 32.8% | 16.7% | 16.5% | 16.4% |

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

| Function/Program | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | |
| General government | \$493,124 | \$597,344 | \$566,308 | \$594,476 |
| Public safety | 1,073,037 | 1,100,379 | 1,122,613 | 1,141,745 |
| Public works | 4,825,540 | 4,537,627 | 3,325,271 | 1,922,976 |
| Culture and recreation | 1,014,136 | 1,066,206 | 1,059,045 | 1,070,269 |
| Other | - | - | - | - |
| Total governmental activities program revenues | <u>7,405,837</u> | <u>7,301,556</u> | <u>6,073,237</u> | <u>4,729,466</u> |
| Business-type activities: | | | | |
| Golf course | 561,753 | 524,670 | 555,588 | 589,499 |
| Storm water utility | 498,189 | 551,049 | 553,074 | 563,011 |
| Total business-type activities program revenues | <u>1,059,942</u> | <u>1,075,719</u> | <u>1,108,662</u> | <u>1,152,510</u> |
| Total primary government program revenues | <u>\$8,465,779</u> | <u>\$8,377,275</u> | <u>\$7,181,899</u> | <u>\$5,881,976</u> |

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Table 5

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$781,676 | \$567,926 | \$486,735 | \$1,261,059 | \$1,627,440 | \$1,352,643 |
| 1,083,258 | 1,133,127 | 1,154,522 | 1,393,344 | 1,322,337 | 1,516,232 |
| 3,971,370 | 2,785,332 | 4,360,082 | 8,941,143 | 3,638,837 | 5,628,437 |
| 2,115,700 | 1,108,439 | 1,494,977 | 1,255,309 | 1,263,344 | 905,912 |
| - | 232,118 | 41,551 | 34,710 | 29,701 | 24,376 |
| <u>7,952,004</u> | <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> |
| 569,276 | 567,053 | 582,728 | 597,184 | 653,736 | 781,728 |
| 567,357 | 592,947 | 718,751 | 696,628 | 746,488 | 875,888 |
| <u>1,136,633</u> | <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>\$9,088,637</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> |

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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 |
|-------------------------------|----------------------|--------------------------------|-----------|--------------------|-------------------------------------|-----------------------------|-----------------------|------------------------|----------------------------------|
| 2012 | 4,709,194 | 4,226,300 | 445,047 | 9,380,541 | 1,075,330 | 8,305,211 | 69.485 | 780,687,600 | 1.06% |
| 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% |

Source: Itasca County Auditor's Office

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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 | |
| 2012 | 54.893 | 14.592 | 69.485 | 47.702 | 17.774 | 0.228 | 135.189 |
| 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 |

Source: Itasca County Auditor's Office

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

Item 1.

Table 8

| Taxpayer | 2021 | | | 2012 | | |
|--------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value |
| UPM Blandin Paper Mill | \$540,541 | 1 | 5.48% | \$723,541 | 1 | 7.85% |
| Enbridge Energy, LP | 355,972 | 2 | 3.61% | 266,807 | 2 | 2.90% |
| Wal-Mart Stores | 158,024 | 3 | 1.60% | 224,356 | 3 | 2.43% |
| Enbridge Energy Pipelines | 126,850 | 4 | 1.28% | 139,206 | 4 | 1.51% |
| Majestic Pines | 125,977 | 5 | 1.28% | | | |
| Grand Hospitality LLC | 123,700 | 6 | 1.25% | 131,077 | 5 | 1.42% |
| Grand Rapids Healthcare | 118,341 | 7 | 1.20% | | | |
| Grand Itasca Clinic & Hospital | 112,267 | 8 | 1.14% | 119,112 | 6 | 1.29% |
| ASV, Inc. * | 110,910 | 9 | 1.12% | | | |
| Arrowhead Promotion & Fulfillment Co | 103,964 | 10 | 1.05% | 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 | 1,876,546 | | 19.01% | 2,023,698 | | 21.96% |
| All other taxpayers | 7,995,986 | | 80.99% | 7,191,071 | | 78.04% |
| Total | <u>\$9,872,532</u> | | <u>100.00%</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.

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

Item 1.

Table 9

| 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 |
| 2012 | \$5,910,987 | \$5,863,061 | 99.19% | \$46,826 | \$5,909,887 | 99.98% |
| 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% | 86,123 | 6,934,119 | 99.75% |
| 2017 | 7,258,674 | 7,169,418 | 98.77% | 47,974 | 7,217,392 | 99.43% |
| 2018 | 7,408,178 | 7,249,845 | 97.86% | 54,730 | 7,304,575 | 98.60% |
| 2019 | 7,689,023 | 7,545,606 | 98.13% | 60,840 | 7,606,446 | 98.93% |
| 2020 | 7,793,670 | 7,698,321 | 98.78% | 40,614 | 7,738,935 | 99.30% |
| 2021 | 8,079,328 | 7,864,173 | 97.34% | - | 7,864,173 | 97.34% |

Source: Itasca County Auditor's Office

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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 | | |
| 2012 | \$3,255,000 | \$22,530,000 | \$820,000 | \$1,200,843 | \$27,805,843 | \$ - | \$27,805,843 | 2,558 |
| 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 | 18,320,191 | 7,751,432 | 615,000 | - | 26,686,623 | - | 26,686,623 | 2,399 |

Note: Personal income not available.
 Excludes component units.
 Includes unamortized issuance premium for 2014 through 2021

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

Item 1.

Table 11

| General Bonded Debt Outstanding | | | |
|---------------------------------|--|--|--|
| <u>Fiscal Year</u> | <u>General Obligation Bonds <i>c</i></u> | <u>Percentage of Estimated Market Value <i>a</i></u> | <u>Bonded Debt Per Capita <i>b</i></u> |
| 2012 | \$3,255,000 | 0.4169% | 299.48 |
| 2013 | 6,835,000 | 0.8881% | 628.85 |
| 2014 | 6,475,141 | 0.8579% | 595.74 |
| 2015 | 5,794,793 | 0.7596% | 533.15 |
| 2016 | 7,276,630 | 0.9252% | 669.48 |
| 2017 | 8,821,458 | 1.1137% | 771.44 |
| 2018 | 9,664,438 | 1.2146% | 848.58 |
| 2019 | 10,678,913 | 1.2945% | 937.65 |
| 2020 | 12,429,876 | 1.5119% | 1,091.30 |
| 2021 | 18,320,191 | 2.1908% | 1,646.61 |

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

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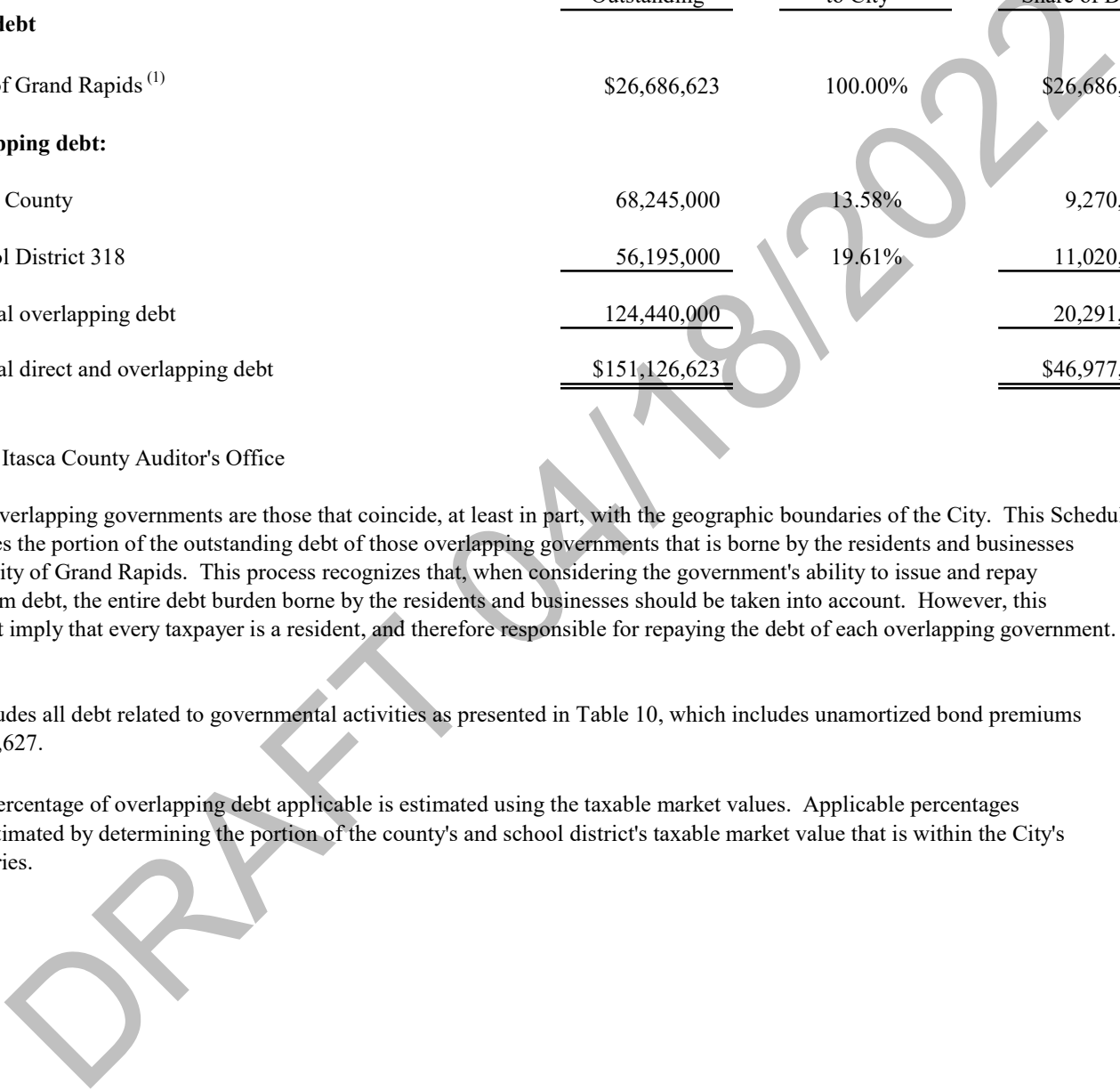
| | Net Debt Outstanding | % of Debt Applicable to City ⁽²⁾ | City of Grand Rapids Share of Debt |
|-------------------------------------|-------------------------|---|--|
| Direct debt | | | |
| City of Grand Rapids ⁽¹⁾ | \$26,686,623 | 100.00% | \$26,686,623 |
| Overlapping debt: | | | |
| Itasca County | 68,245,000 | 13.58% | 9,270,870 |
| School District 318 | 56,195,000 | 19.61% | 11,020,270 |
| Total overlapping debt | 124,440,000 | | 20,291,139 |
| Total direct and overlapping debt | \$151,126,623 | | \$46,977,762 |

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 \$806,627.

(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 2021

| | |
|--|---------------------------|
| Estimated Market value | \$836,239,865 |
| Debt limit percentage* | <u>3%</u> |
| Debt limit amount | <u>25,087,196</u> |
| Debt applicable to limit: | |
| Lease revenue bonds | - |
| General obligation bonds | <u>18,320,191</u> |
| | 18,320,191 |
| Less: | |
| Cash and equivalents in G.O. Bond Debt Service Funds | <u>(2,572,388)</u> |
| Total net debt applicable to limit | <u>15,747,803</u> |
| Legal debt margin | <u><u>\$9,339,393</u></u> |

Legal Debt Margin Calculation for Fiscal Years 2012 Through 2021

| 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 |
|-------------|------------|--------------|------------------------------|-------------------|---|----------------------------|
| 2012 | 10,869 | \$23,420,628 | \$2,565,287 | \$20,855,341 | 10.95% | 236.02 |
| 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 |

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 | |
| 2012 | \$762,948 | \$1,490,000 | \$589,994 | 36.68% | \$172,671 | \$15,000 | \$36,497 | 335.30% |
| 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% |

Special assessment collections do not include prepayments.

Excludes component units.

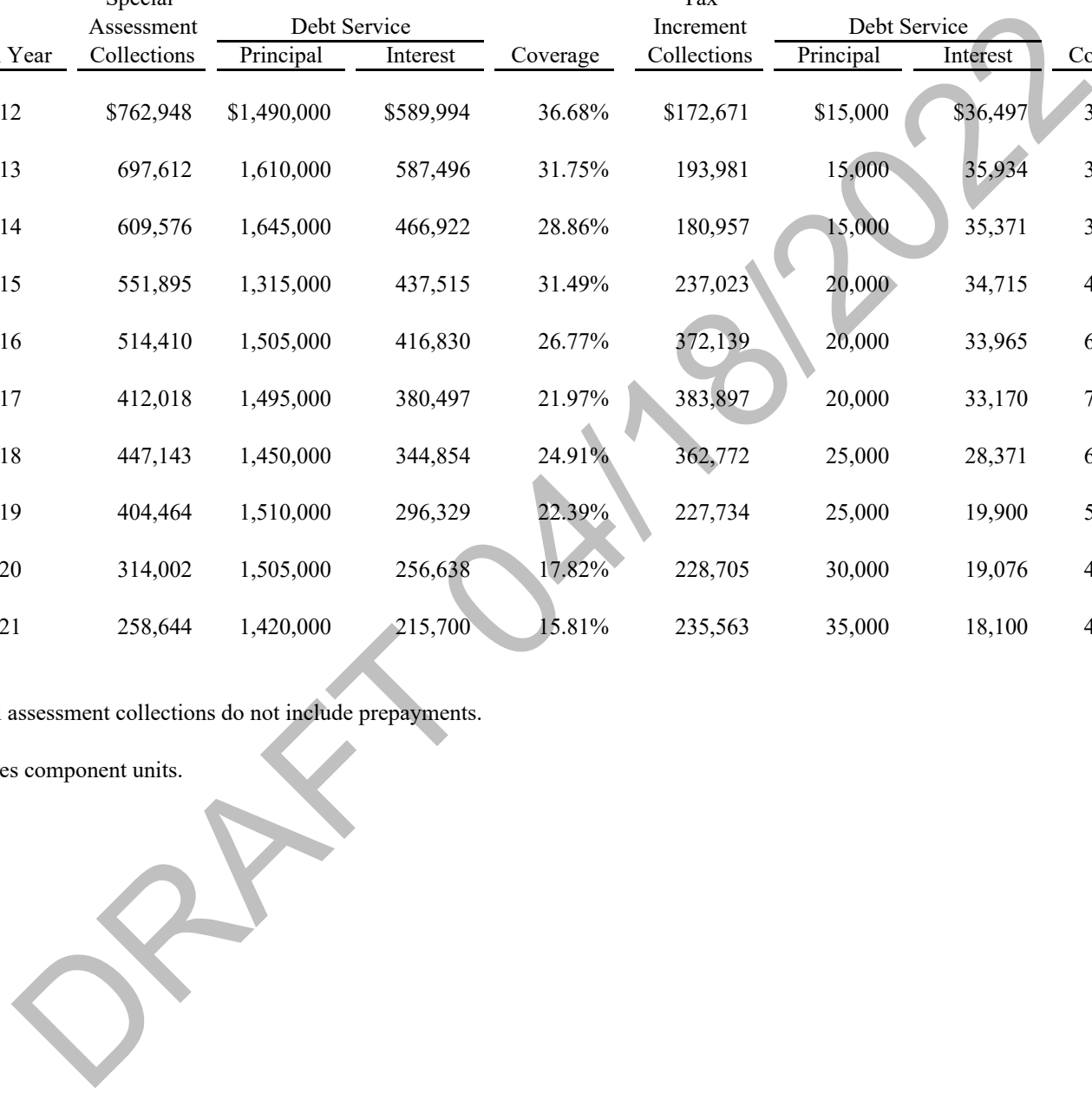


Table 15

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|---------------------------|-----------------------------------|--------------------------|
| 2012 | 10,869 | | | 9.90% |
| 2013 | 10,869 | | | 7.60% |
| 2014 | 10,869 | | | 6.70% |
| 2015 | 10,869 | | | 8.47% |
| 2016 | 10,869 | Information Not Available | | 10.60% |
| 2017 | 11,435 | | | 6.10% |
| 2018 | 11,389 | | | 5.60% |
| 2019 | 11,389 | | | 5.28% |
| 2020 | 11,390 | | | 7.52% |
| 2021 | 11,126 | | | 4.61% |

Source: Minnesota Department of Employment and Economic Development

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CITY OF GRAND RAPIDS, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Item 1.

Table 16

| Taxpayer | 2021 | | | 2012 | | |
|----------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| ISD #318(1) | 1,086 | 1 | 11.66% | 600 | 1 | 6.49% |
| Grand Itasca Clinic & Hospital | 680 | 2 | 7.30% | 600 | 2 | 6.49% |
| Itasca County | 454 | 3 | 4.88% | 390 | 4 | 4.22% |
| Northland Counseling Center, Inc | 250 | 4 | 2.68% | | | |
| UPM Blandin Paper Mill | 225 | 5 | 2.42% | 450 | 3 | 4.87% |
| Arrowhead Promo & Fulfillment | 220 | 6 | 2.36% | 290 | 5 | 3.14% |
| ASV Inc.(3) | 215 | 7 | 2.31% | 220 | 8 | 2.38% |
| Wal-Mart | 183 | 8 | 1.97% | 280 | 6 | 3.03% |
| City of Grand Rapids(1) | 189 | 9 | 2.03% | 225 | 7 | 2.43% |
| Grand Village Nursing Home(2) | 150 | 10 | 1.61% | 160 | 9 | 1.73% |
| Itasca Community College | | | | 140 | 10 | 1.51% |
| Total | 3,652 | | 39.22% | 3,355 | | 36.28% |
| All other employers | 5,659 | | 60.78% | 5,892 | | 63.72% |
| Total | 9,311 | | 100.00% | 9,247 | | 100.00% |

Source: Minnesota Department of Employment and Economic Development
 Source: ReferenceUSA, written and telephone survey (June 2020).

- (1) Includes full-and part-time employees.
- (2) Formerly known as Itasca County Nursing Home.
- (3) Formerly Terex Corp., Inc.

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CITY OF GRAND RAPIDS, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Item 1.

Table 17

| Function/Program | Full-time Equivalent Employees as of December 31 | | | | | | | | | |
|---------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General government: | | | | | | | | | | |
| Administration | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | 4.00 | 4.00 | 4.00 |
| Finance | 4.00 | 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 | 4.05 | 4.55 | 4.55 | 4.55 | 5.55 | 5.55 | 4.55 |
| Engineering | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 3.45 | 3.45 | 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 | 21.50 | 22.50 | 22.50 | 22.50 | 25.50 | 26.50 | 27.50 | 27.70 | 24.70 |
| Public works | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 16.00 | 17.00 | 18.00 | 20.00 | 20.00 |
| Parks and recreation | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 3.00 | 2.00 | 2.00 |
| Library | 8.75 | 8.75 | 8.75 | 8.75 | 8.50 | 8.50 | 8.50 | 8.50 | 6.50 | 7.50 |
| Golf course | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 2.00 |
| Total | 65.75 | 66.75 | 67.75 | 67.75 | 68.00 | 74.00 | 73.00 | 79.00 | 78.20 | 76.20 |

The City has 30 paid-on-call firefighters.

Source: City Finance Department

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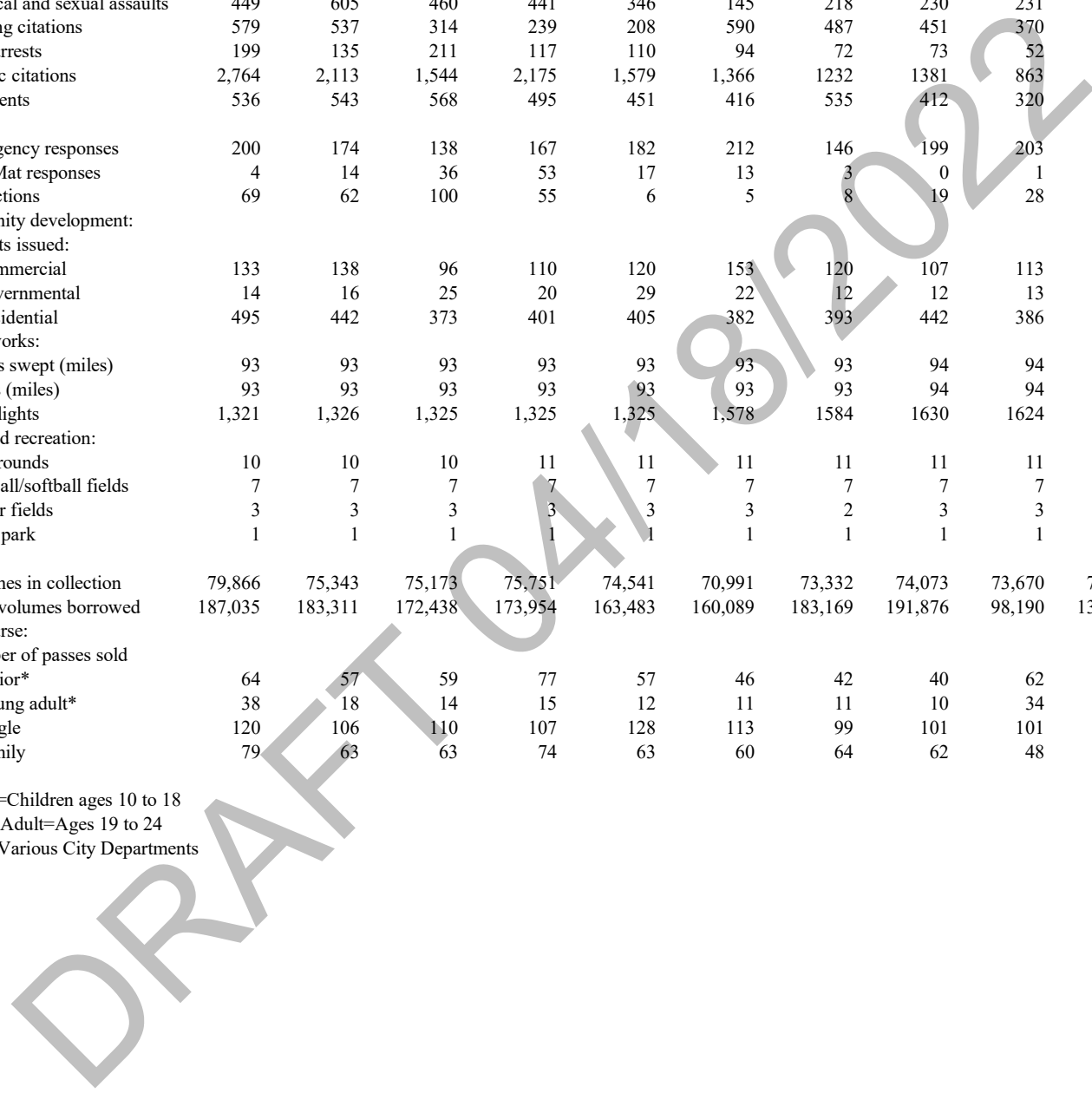
CITY OF GRAND RAPIDS, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Item 1.

Table 18

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Physical and sexual assaults | 449 | 605 | 460 | 441 | 346 | 145 | 218 | 230 | 231 | 191 |
| Parking citations | 579 | 537 | 314 | 239 | 208 | 590 | 487 | 451 | 370 | 337 |
| DUI arrests | 199 | 135 | 211 | 117 | 110 | 94 | 72 | 73 | 52 | 56 |
| Traffic citations | 2,764 | 2,113 | 1,544 | 2,175 | 1,579 | 1,366 | 1,232 | 1,381 | 863 | 953 |
| Accidents | 536 | 543 | 568 | 495 | 451 | 416 | 535 | 412 | 320 | 358 |
| Fire: | | | | | | | | | | |
| Emergency responses | 200 | 174 | 138 | 167 | 182 | 212 | 146 | 199 | 203 | 219 |
| Haz-Mat responses | 4 | 14 | 36 | 53 | 17 | 13 | 3 | 0 | 1 | 1 |
| Inspections | 69 | 62 | 100 | 55 | 6 | 5 | 8 | 19 | 28 | 26 |
| Community development: | | | | | | | | | | |
| Permits issued: | | | | | | | | | | |
| Commercial | 133 | 138 | 96 | 110 | 120 | 153 | 120 | 107 | 113 | 134 |
| Governmental | 14 | 16 | 25 | 20 | 29 | 22 | 12 | 12 | 13 | 14 |
| Residential | 495 | 442 | 373 | 401 | 405 | 382 | 393 | 442 | 386 | 378 |
| Public works: | | | | | | | | | | |
| Streets swept (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 94 | 94 | 94 |
| Roads (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 94 | 94 | 94 |
| Streetlights | 1,321 | 1,326 | 1,325 | 1,325 | 1,325 | 1,578 | 1,584 | 1,630 | 1,624 | 1,696 |
| Parks and recreation: | | | | | | | | | | |
| Playgrounds | 10 | 10 | 10 | 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 | 3 | 2 | 3 | 3 | 3 |
| Skate park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library: | | | | | | | | | | |
| Volumes in collection | 79,866 | 75,343 | 75,173 | 75,751 | 74,541 | 70,991 | 73,332 | 74,073 | 73,670 | 72,425 |
| Total volumes borrowed | 187,035 | 183,311 | 172,438 | 173,954 | 163,483 | 160,089 | 183,169 | 191,876 | 98,190 | 131,131 |
| Golf course: | | | | | | | | | | |
| Number of passes sold | | | | | | | | | | |
| Junior* | 64 | 57 | 59 | 77 | 57 | 46 | 42 | 40 | 62 | 48 |
| Young adult* | 38 | 18 | 14 | 15 | 12 | 11 | 11 | 10 | 34 | 38 |
| Single | 120 | 106 | 110 | 107 | 128 | 113 | 99 | 101 | 101 | 127 |
| Family | 79 | 63 | 63 | 74 | 63 | 60 | 64 | 62 | 48 | 56 |

*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 | | | | | | | | | |
|---------------------------------------|-------------|------|------|------|------|------|-------|------|------|------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 20 | 20 | 20 | 20 | 20 | 20 | 22 | 20 | 20 | 20 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Public works: | | | | | | | | | | |
| Miles of streets maintained | 93 | 93 | 93 | 93 | 95 | 95 | 95 | 95 | 94 | 94 |
| Miles of sidewalks maintained | 91 | 91 | 91 | 100 | 103 | 103 | 104 | 103 | 48 | 48 |
| Miles of curbs and gutters maintained | 112 | 112 | 112 | 112 | 113 | 113 | 113.5 | 113 | 113 | 113 |
| Parks and recreation: | | | | | | | | | | |
| Community parks and playgrounds | 24 | 24 | 24 | 26 | 25 | 25 | 25 | 25 | 25 | 25 |
| Total acres | 227 | 227 | 227 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |

Source: Various City Departments

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IV. OTHER INFORMATION (UNAUDITED)

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
 December 31, 2021

Item 1.

| | Interest Rates | Issue Date | Final Maturity Date |
|--|-------------------|---------------|---------------------------|
| General Obligation Tax Increment Bonds: | | | |
| Refunding TIF Bonds Series 2017B | 4.20 - 4.60 | 12/28/2017 | 2/1/2034 |
| Total General Obligation Tax Increment Bonds | | | |
| General Obligation Improvement Bonds: | | | |
| 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 2013A | .30 - 1.35 | 5/8/2013 | 2/1/2021 |
| 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 | | | |
| Other General Obligation Debt: | | | |
| 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 |
| G.O. Bonds of 2019A | 2.0 - 3.0 | 9/5/2019 | 2/1/2035 |
| Street Reconstruction Bonds of 2020A | 1.60 - 2.00 | 11/5/2020 | 2/1/2036 |
| Taxable GO Utility Revenue Bonds 2021A | 2.00 - 2.75 | 7/1/2021 | 2/1/2042 |
| 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 |
| Revenue Bonds and Notes (Public Utilities): | | | |
| Taxable G.O. Wastewater Revenue Note of 2009E | 2.90 | 11/10/2009 | 8/20/2029 |
| Taxable G.O. Wastewater Revenue Bonds of 2011A | 0.60-3.50 | 7/25/2011 | 12/1/2021 |
| 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 | | | |
| G.O. Utility Revenue Bonds of 2021D | | | |
| G.O. Utility Revenue Bonds of 2021C | | | |
| Equipment Lease | 2.64 | 10/15/2015 | 10/15/2025 |
| Total Revenue Bonds (Public Utilities) | | | |
| Total bonded indebtedness | | | |

| Prior Years | | Payable 01/01/21 | 2021 | | Payable 12/31/2021 | Due in 2022 | |
|-------------------|--------------|---------------------|-------------|-------------|-----------------------|-------------|-------------|
| Original Issue | Payments | | Issued | Payments | | Principal | Interest |
| \$705,000 | \$55,000 | \$650,000 | - | \$35,000 | \$615,000 | \$35,000 | \$17,050 |
| 705,000 | 55,000 | 650,000 | 0 | 35,000 | 615,000 | 35,000 | 17,050 |
| 1,150,000 | 1,000,000 | 150,000 | - | 75,000 | 75,000 | 75,000 | 1,538 |
| 4,565,000 | 2,835,000 | 1,730,000 | - | 325,000 | 1,405,000 | 340,000 | 64,335 |
| 1,115,000 | 745,000 | 370,000 | - | 60,000 | 310,000 | 60,000 | 9,700 |
| 1,555,000 | 1,045,000 | 510,000 | - | 70,000 | 440,000 | 70,000 | 11,962 |
| 2,245,000 | 990,000 | 1,255,000 | - | 145,000 | 1,110,000 | 150,000 | 31,147 |
| 4,175,000 | 2,110,000 | 2,065,000 | - | 280,000 | 1,785,000 | 280,000 | 37,728 |
| 1,525,000 | 1,350,000 | 175,000 | - | 175,000 | - | - | - |
| 3,000,000 | 1,165,000 | 1,835,000 | - | 205,000 | 1,630,000 | 200,000 | 37,330 |
| 2,215,000 | 880,000 | 1,335,000 | - | 440,000 | 895,000 | 435,000 | 20,325 |
| 21,545,000 | 12,120,000 | 9,425,000 | 0 | 1,775,000 | 7,650,000 | 1,610,000 | 214,065 |
| 4,025,000 | 1,150,000 | 2,620,000 | - | 260,000 | 2,360,000 | 260,000 | 71,688 |
| 2,170,000 | 245,000 | 1,795,000 | - | 135,000 | 1,660,000 | 135,000 | 32,510 |
| 2,130,000 | 90,000 | 1,920,000 | - | 125,000 | 1,795,000 | 125,000 | 55,050 |
| 1,960,000 | - | 1,870,000 | - | 115,000 | 1,755,000 | 115,000 | 52,063 |
| 1,585,000 | - | 1,585,000 | - | 70,000 | 1,515,000 | 90,000 | 36,580 |
| 2,275,000 | - | 2,275,000 | - | - | 2,275,000 | 125,000 | 38,613 |
| - | - | - | 6,255,000 | - | 6,255,000 | - | 153,075 |
| 14,145,000 | 1,485,000 | 12,065,000 | 6,255,000 | 705,000 | 17,615,000 | 850,000 | 439,579 |
| 100,000 | - | 100,000 | - | - | 100,000 | - | - |
| 350,000 | 87,500 | 262,500 | - | 17,500 | 245,000 | 17,500 | - |
| 175,000 | 73,460 | 101,540 | - | 27,910 | 73,630 | - | - |
| 293,000 | 8,422 | 284,578 | - | 16,487 | 268,091 | 16,487 | 2,805 |
| 90,000 | 34,963 | 55,037 | - | 8,952 | 46,085 | 9,041 | 461 |
| - | - | - | 140,000 | - | 140,000 | - | - |
| 550,000 | - | 550,000 | - | 123,838 | 426,162 | - | - |
| 100,000 | - | 100,000 | - | 15,803 | 84,197 | - | - |
| 26,370,232 | 12,589,232 | 13,781,000 | - | 1,362,000 | 12,419,000 | 1,531,000 | 393,356 |
| 3,965,000 | 3,465,000 | 500,000 | - | 500,000 | - | - | - |
| 2,025,000 | 655,000 | 1,370,000 | - | 100,000 | 1,270,000 | 100,000 | 33,438 |
| 2,305,000 | 755,000 | 1,550,000 | - | 145,000 | 1,405,000 | 150,000 | 55,350 |
| - | - | - | - | - | - | 193,000 | 3,092 |
| - | - | - | - | - | - | - | 19,720 |
| - | - | - | - | - | - | 5,000 | 9,667 |
| 1,832,571 | 868,279 | 964,292 | - | - | 964,292 | 230,395 | 25,711 |
| 36,497,803 | 18,332,511 | 18,165,292 | 0 | 2,107,000 | 16,058,292 | 2,209,395 | 540,334 |
| \$74,550,803 | \$32,196,856 | \$41,758,947 | \$6,395,000 | \$4,832,490 | \$43,321,457 | \$4,747,423 | \$1,214,294 |

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CITY OF GRAND RAPIDS, MINNESOTA
 DEBT SERVICE PAYMENTS TO MATURITY
 GENERAL OBLIGATION BONDS
 December 31, 2021

| | 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 Bonds Series 2019A | Street Reconstruction Bonds Series 2020A | Total |
|-------------------------|---|---|---|---|---|------------------------------|---|---------------------|
| Bonds payable | \$615,000 | \$2,360,000 | \$1,660,000 | \$1,795,000 | \$1,755,000 | \$1,515,000 | \$2,275,000 | \$11,975,000 |
| Future interest payable | 128,703 | 326,634 | 195,900 | 372,112 | 373,620 | 258,915 | 291,749 | 1,947,633 |
| Totals | \$743,703 | \$2,686,634 | \$1,855,900 | \$2,167,112 | \$2,128,620 | \$1,773,915 | \$2,566,749 | \$13,922,633 |
| Payments to maturity: | | | | | | | | |
| 2022 | \$52,050 | \$331,688 | \$167,510 | \$180,050 | \$167,062 | \$126,580 | \$163,613 | \$1,188,553 |
| 2023 | 55,925 | 333,738 | 169,760 | 181,225 | 168,537 | 123,880 | 171,013 | 1,204,078 |
| 2024 | 49,800 | 335,488 | 166,960 | 182,250 | 164,937 | 126,105 | 173,262 | 1,198,801 |
| 2025 | 53,815 | 336,938 | 169,110 | 183,125 | 166,262 | 123,255 | 170,462 | 1,202,967 |
| 2026 | 52,895 | 337,713 | 171,160 | 183,850 | 167,438 | 130,255 | 172,612 | 1,215,922 |
| 2027 | 56,918 | 332,881 | 168,160 | 179,500 | 163,538 | 127,105 | 169,712 | 1,197,814 |
| 2028 | 55,725 | 337,325 | 170,110 | 179,963 | 164,563 | 128,880 | 171,762 | 1,208,328 |
| 2029 | 59,300 | 340,863 | 167,010 | 180,159 | 165,438 | 126,130 | 173,713 | 1,212,613 |
| 2030 | 62,725 | - | 168,860 | 180,118 | 161,238 | 128,880 | 170,613 | 872,434 |
| 2031 | 56,150 | - | 170,445 | 179,754 | 156,950 | 126,580 | 173,102 | 862,981 |
| 2032 | 59,575 | - | 166,815 | 179,058 | 162,419 | 129,170 | 171,103 | 868,140 |
| 2033 | 62,850 | - | - | 178,063 | 157,638 | 126,650 | 173,908 | 699,109 |
| 2034 | 65,975 | - | - | - | 162,600 | 124,070 | 171,515 | 524,160 |
| 2035 | - | - | - | - | - | 126,375 | 168,999 | 295,374 |
| 2036 | - | - | - | - | - | - | 171,360 | 171,360 |
| | \$743,703 | \$2,686,634 | \$1,855,900 | \$2,167,112 | \$2,128,620 | \$1,773,915 | \$2,566,749 | \$13,922,630 |

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CITY OF GRAND RAPIDS, MINNESOTA
 DEBT SERVICE PAYMENTS TO MATURITY
 GENERAL OBLIGATION IMPROVEMENT BONDS
 December 31, 2021

Item 1.

| | 2007B Improvement Bonds | 2009C Improvement Bonds | 2010A Improvement Bonds | 2011B Improvement Refunding Bonds |
|-------------------------|-------------------------------|-------------------------------|-------------------------------|--|
| Bonds payable | \$75,000 | \$1,405,000 | \$310,000 | \$440,000 |
| Future interest payable | 1,538 | 149,537 | 27,886 | 41,254 |
| Totals | <u>\$76,538</u> | <u>\$1,554,537</u> | <u>\$337,886</u> | <u>\$481,254</u> |
| Payments to maturity: | | | | |
| 2022 | \$76,538 | \$404,335 | \$69,700 | \$81,962 |
| 2023 | - | 391,866 | 67,750 | 80,142 |
| 2024 | - | 383,663 | 65,725 | 78,182 |
| 2025 | - | 374,673 | 68,534 | 81,007 |
| 2026 | - | - | 66,177 | 78,701 |
| 2027 | - | - | - | 81,260 |
| 2028 | - | - | - | - |
| 2029 | - | - | - | - |
| 2030 | - | - | - | - |
| 2031 | - | - | - | - |
| 2032 | - | - | - | - |
| 2033 | - | - | - | - |
| 2034 | - | - | - | - |
| 2035 | - | - | - | - |
| 2036 | - | - | - | - |
| 2037 | - | - | - | - |
| 2038 | - | - | - | - |
| 2039 | - | - | - | - |
| 2040 | - | - | - | - |
| 2041 | - | - | - | - |
| 2042 | - | - | - | - |
| | <u>\$76,538</u> | <u>\$1,554,537</u> | <u>\$337,886</u> | <u>\$481,254</u> |

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| 2012A Improvement Bonds | 2012B Improvement Bonds | 2014A Improvement Bonds | 2017B Improvement Refunding Bonds | 2021B Improvement Bonds | Total |
|-------------------------------|-------------------------------|-------------------------------|--|-------------------------------|---------------------|
| \$1,110,000 | \$1,785,000 | \$1,630,000 | \$895,000 | \$6,255,000 | \$13,905,000 |
| 125,723 | 130,693 | 181,235 | 32,175 | 1,564,361 | 2,254,402 |
| <u>\$1,235,723</u> | <u>\$1,915,693</u> | <u>\$1,811,235</u> | <u>927,175</u> | <u>\$7,819,361</u> | <u>\$16,159,402</u> |
| \$181,147 | \$317,728 | \$237,330 | \$455,325 | \$153,075 | \$1,977,140 |
| 182,867 | 322,025 | 238,480 | 304,375 | 382,931 | 1,970,436 |
| 178,644 | 320,807 | 239,120 | 167,475 | 386,056 | 1,819,672 |
| 173,607 | 319,112 | 239,230 | - | 383,975 | 1,640,138 |
| 173,488 | 316,926 | 169,775 | - | 381,756 | 1,186,823 |
| 173,207 | 319,095 | 170,885 | - | 384,331 | 1,128,778 |
| 172,763 | - | 171,710 | - | 381,700 | 726,173 |
| - | - | 172,240 | - | 378,931 | 551,171 |
| - | - | 172,465 | - | 380,956 | 553,421 |
| - | - | - | - | 383,850 | 383,850 |
| - | - | - | - | 382,700 | 382,700 |
| - | - | - | - | 386,400 | 386,400 |
| - | - | - | - | 384,950 | 384,950 |
| - | - | - | - | 383,400 | 383,400 |
| - | - | - | - | 381,750 | 381,750 |
| - | - | - | - | 384,950 | 384,950 |
| - | - | - | - | 383,000 | 383,000 |
| - | - | - | - | 385,900 | 385,900 |
| - | - | - | - | 383,650 | 383,650 |
| - | - | - | - | 381,300 | 381,300 |
| - | - | - | - | 383,800 | 383,800 |
| <u>\$1,235,723</u> | <u>\$1,915,693</u> | <u>\$1,811,235</u> | <u>\$927,175</u> | <u>\$7,819,361</u> | <u>\$16,159,402</u> |

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| | 2022 Tax Capacity Values | 2021 Tax Capacity Values |
|------------------------------------|--------------------------------|--------------------------------|
| Taxable valuations: | | |
| Real estate | \$9,807,960 | \$9,128,262 |
| Personal property | 703,981 | 769,972 |
| Net tax capacity | 10,511,941 | \$9,898,234 |
| Less: Captured tax increment value | (197,401) | (172,874) |
| Fiscal disparities contributions | (1,172,324) | (1,094,170) |
| Taxable net tax capacity | \$9,142,216 | \$8,631,190 |

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CITY OF GRAND RAPIDS, MINNESOTA
 SCHEDULE OF DEFERRED TAX LEVIES
 GENERAL OBLIGATION BONDS
 December 31, 2021

Item 1.

| Year of Levy/ Collection | Supplemental Improvement Bond Levy ⁽¹⁾ | \$4,565,000 Improvement Bonds Series 2009C ⁽²⁾ | \$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 |
|-----------------------------|---|---|--|--|---|---|
| 2021/2022 | (\$150,000) | 303,548 | \$55,611 | \$55,779 | \$133,284 | \$104,470 |
| 2022/2023 | (150,000) | 303,716 | 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 | - | - | - | - | - | - |
| | <u>(\$660,000)</u> | <u>\$910,429</u> | <u>\$222,543</u> | <u>\$285,902</u> | <u>\$759,727</u> | <u>\$756,830</u> |

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

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

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

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| \$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 ⁽³⁾ | \$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 |
|---|---|---|--|---|---|---|--|---------------------|
| \$234,356 | \$151,759 | \$169,245 | \$186,807 | \$142,454 | \$131,492 | \$163,852 | \$405,000 | \$2,087,657 |
| 235,301 | 148,818 | 170,400 | 68,448 | 139,506 | 133,907 | 166,452 | 409,041 | 1,970,309 |
| 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 |
| <u>\$1,525,650</u> | <u>\$1,509,577</u> | <u>\$1,860,358</u> | <u>\$255,255</u> | <u>\$1,704,176</u> | <u>\$1,748,198</u> | <u>\$2,319,914</u> | <u>\$8,123,170</u> | <u>\$21,321,729</u> |

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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 City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2021, 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 _____, 2022. 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,

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

in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

_____, 2022

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 City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2021, 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 _____, 2022. 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 and bidding, deposits and 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

_____, 2022



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

REQUEST FOR COUNCIL ACTION

AGENDA DATE: April 25, 2022

AGENDA ITEM: Financial Presentation by David J. Mol, Redpath & Company, Ltd.

PREPARED BY: Barb Baird

BACKGROUND:

Attached please find the following reports that will be discussed at the Council Work Session on April 25, 2022:

-Audit Management Letter

-**Draft** Comprehensive Annual Report

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

-**Draft** State Legal Compliance Report

Mr. Dave Mol, Partner, Redpath & Company, Ltd., will be here on Monday, April 25, 2022 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 2021 City of Grand Rapids' financial health.