



# CITY OF GRAND RAPIDS

## Meeting Agenda Full Detail City Council Work Session

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Monday, April 26, 2021

4:00 PM

Council Chambers

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**BE ADVISED:** Pursuant to Minnesota Statute 13D.021, Subdivision 1, some or all members may appear by telephone or other electronic means.

**CALL TO ORDER:** Pursuant to due notice and call thereof a Special Meeting/Worksession of the Grand Rapids City Council will be held on Monday, April 26, 2021 at 4:00 p.m. in Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a call of roll, the following members were present:

### Discussion Items

1. 21-1766 Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.  
**Attachments:** City of Grand Rapids - 2020 Final Issued AML  
HLB DOCS-#3498493-v1-council presentation - 4 26 2021
2. 21-1821 Discuss proposed change to City Council By-laws  
**Attachments:** 4-26-21 Draft Changes - Council By-Laws - Copy
3. 14-0789 Review Regular Meeting Agenda

### ADJOURN

**Attest:** Kimberly Gibeau, City Clerk



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 21-1766      **Version:** 1      **Name:**  
**Type:** Agenda Item      **Status:** CC Worksession  
**File created:** 3/29/2021      **In control:** City Council Work Session  
**On agenda:** 4/26/2021      **Final action:**  
**Title:** Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [City of Grand Rapids - 2020 Final Issued AML](#)  
[HLB DOCS-#3498493-v1-council presentation - 4 26 2021](#)

Date	Ver.	Action By	Action	Result
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Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.

**Background Information:**

Attached please find the following reports that will be discussed at the Council Work Session on April 26, 2021:

- Audit Management Letter
- Draft** Comprehensive Annual Financial 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 26, 2021 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.

If time is limited for you, please review the Audit Management Letter. This report gives a concise overview of the 2020 City of Grand Rapids' financial health.

Hard copies will be available Monday for your review.  
The draft reports will be finalized when we receive the Public Utilities audited financial information.

**CITY OF GRAND RAPIDS, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2020

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

We have substantially completed the 2020 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. Therefore, we have issued draft financial statements pending completion of the PUC audit.

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

*Redpath and Company, Ltd.*  
REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

April 16, 2021

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**REPORT SUMMARY**

Several reports are issued in conjunction with the audit. The Comprehensive Annual 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:

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

**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 28 years. Page 6

Key Financial Indicators:

- The City’s property tax collection rate in 2020 was 99.26%. The special assessment collection rate was 90.7% for 2020. Page 10
- The fund balance of the City’s General Fund increased \$720,900 during 2020. Revenues exceeded budget by \$1,218,000 and expenditures exceeded budget by \$633,000. The General Fund has met the desired cash flow reserve needs. Page 15
- A comparison of Debt Service Fund assets and outstanding debt is shown herein. Page 24

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 26
- Governmental accounting standards affecting future years are summarized. Page 34

Required auditor communications are included in this report. Page 35



**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 . 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.

*Governmental Accounting and Financial Reporting*

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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.

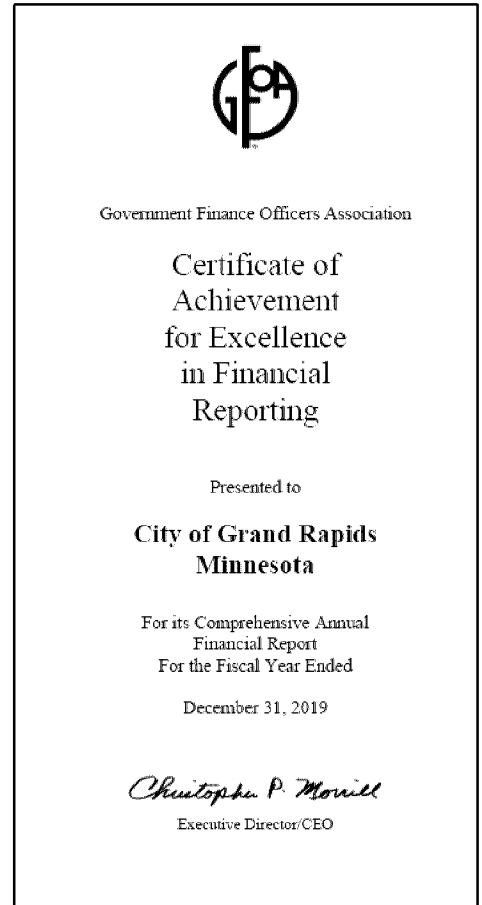
**NATIONAL RECOGNITION FOR  
EXCELLENCE IN FINANCIAL REPORTING**

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-eight consecutive years (every year since 1992).



**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:

<u>Entity</u>	<u>Relationship</u>
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
H.R.A.	Excluded - Related Organization
Fire Relief Association	Excluded

**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 12/31/2020</u>	<u>Cash Balance 12/31/2020</u>
<b>General Fund</b>	\$11,251,000	\$10,012,000	(\$518,000)	\$721,000	\$7,342,000	\$5,852,000
<b>Special Revenue Funds</b>	2,118,000	2,134,000	111,000	95,000	888,000	957,000
<b>Debt Service Funds</b>	2,867,000	3,303,000	145,000	(291,000)	6,653,000	6,743,000
<b>Capital Project Funds</b>	7,378,000	7,986,000	262,000	(346,000)	1,025,000	2,876,000
<b>Enterprise Funds</b>	1,404,000	1,305,000	-	99,000	2,981,000	502,000
<b>Total</b>	<u>\$25,018,000</u>	<u>\$24,740,000</u>	<u>\$ -</u>	<u>\$278,000</u>	<u>\$18,889,000</u>	<u>\$16,930,000</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 - 2020						
	Fund	Revenue and Other Sources	Expenditures and Other Uses	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance/ Net Position	Fund Balance/ Net Position 12/31/2020
1	<b>General</b>	\$11,250,780	\$10,012,264	(\$517,616)	\$720,900	\$7,341,709
	<b>Special Revenue Funds:</b>					
2	Public Library	887,739	832,148	6,241	61,832	616,912
3	Central School	74,179	98,741	27,464	2,902	76,674
4	Airport Operations	231,151	274,843	20,000	(23,692)	128,906
5	IRA Civic Center	558,291	515,776	-	42,515	(133,681)
6	Haz-Mat	59,560	59,560	-	-	1,009
7	Police Forfeiture	11,466	11,696	-	(230)	76,220
8	Cemetery	257,372	279,841	32,475	10,006	110,397
9	Domestic Animal Control Facility	38,281	61,500	24,100	881	11,504
	<b>Debt Service Funds:</b>					
10	Debt Service Reserve	37	-	(5,130)	(5,093)	-
11	Equipment Certificates of 2009D	-	-	-	-	-
12	Improvement Bonds	1,672,486	1,835,769	-	(163,283)	4,133,190
13	Street Reconstruction Bonds of 2013B and 2020A	207,680	343,924	150,000	13,756	973,756
14	G.O. State-Aid Street Bonds of 2007B and 2012B	405,715	408,460	-	(2,745)	15,824
15	Refunding Bonds	298,670	489,809	-	(191,139)	865,174
16	Tax Increment 1-6 Old Hospital Housing	57,460	49,335	-	8,125	89,917
17	Tax Increment 1-6 Old Hospital Housing Paygo	29,343	26,232	-	3,111	16,228
18	Tax Increment 1-4 Oakwood Terrace	34,416	178	-	34,238	470,892
19	Tax Increment 1-7 Block 37 Redevelopment	16,969	15,351	-	1,618	16,919
20	Tax Increment 1-8 Lakewood Heights	35,737	32,204	-	3,533	24,741
21	Tax Increment 1-10 River Hills	62,738	56,556	-	6,182	20,991
22	Tax Abatement - 1st Ave Condo	45,737	45,408	-	329	25,395
	<b>Capital Project Funds:</b>					
23	General Capital Improvement Projects	459,078	457,782	7,811	9,107	109,466
24	Municipal State Aid	69,264	8,971	126,235	186,528	376,050
25	Park Acquisition and Development	196,220	217,169	-	(20,949)	77,870
26	Arts and Culture Capital Project	748	11,199	32,820	22,369	67,255
27	Capital Equipment Replacement	183,290	1,039,349	239,025	(617,034)	(573,295)
28	Infrastructure Bonds	5,878,883	5,760,936	(159,055)	(41,108)	621,141
29	Airport Capital Fund	523,382	483,042	10,500	50,840	135,789
30	7th Avenue Bridge Rehabilitation	-	-	-	-	-
31	IRA Civic Center Project	49,963	-	-	49,963	(52,947)
32	Permanent Improvement Revolving	16,869	7,510	5,130	14,489	264,061
	<b>Enterprise Funds:</b>					
33	Golf Course	656,082	641,010	-	15,072	2,491,561
34	Storm Water	747,786	663,576	-	84,210	489,046
	<b>Total</b>	<b>\$25,017,372</b>	<b>\$24,740,139</b>	<b>\$0</b>	<b>\$277,233</b>	<b>\$18,888,674</b>

**Property Taxes**

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

	2017	2018	2019	2020
Property tax levy	<u>\$7,258,674</u>	<u>\$7,408,178</u>	<u>\$7,689,023</u>	<u>\$7,793,670</u>
Receipts:				
Current year levy	7,169,418	7,249,845	7,545,606	7,735,738
Delinquent (prior years levies)	<u>70,312</u>	<u>33,345</u>	<u>54,274</u>	<u>32,894</u>
Total receipts	<u>7,239,730</u>	<u>7,283,190</u>	<u>7,599,880</u>	<u>7,768,632</u>
Collection rates:				
Collections of current year levy as a percent of levy	<u>98.77%</u>	<u>97.86%</u>	<u>98.13%</u>	<u>99.26%</u>
Total receipts as percent of current year levy	<u>99.74%</u>	<u>98.31%</u>	<u>98.84%</u>	<u>99.68%</u>

**Special Assessments**

Special assessment collections have been as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current portion due	<u>\$512,628</u>	<u>\$453,813</u>	<u>\$414,361</u>	<u>\$370,472</u>
Receipts:				
Current	503,676	447,143	404,464	336,097
Delinquent	<u>10,012</u>	<u>5,347</u>	<u>14,160</u>	<u>5,476</u>
Total receipts	<u>513,688</u>	<u>452,490</u>	<u>418,624</u>	<u>341,573</u>
Collection rates:				
Collection of amounts due	<u>98.3%</u>	<u>98.5%</u>	<u>97.6%</u>	<u>90.7%</u>
Total collections as a percent of amount due	<u>100.2%</u>	<u>99.7%</u>	<u>101.0%</u>	<u>92.2%</u>

The reduction in collection rate for 2020 relates to an assessment for building condemnation. The City collected 37% of the assessments levied for collection in 2020. We recommend the City continue to monitor the special assessment collection rate and consider the impact on the funding of debt service payments.



**Pension Liability**

In 2015, the City implemented Accounting Standards No. 68, which required the reporting of the City of Grand Rapids’s proportionate share of the PERA Net Pension Liability (NPL). During 2020, the City’s share of PERA’s NPL increased. The schedule below presents the components of the change in NPL. During 2020, the City paid it’s required contribution to the Plan. The required contribution is a percentage of eligible wages.

	General Employees Plan	Police and Fire Plan	Total
Change in net pension liability:			
Change in actuarial assumptions	(\$50,638)	(\$27,160)	(\$77,798)
Change in proportion	62,199	(55,071)	7,128
Experience difference	(11,886)	33,256	21,370
Earnings difference	303,610	300,232	603,842
Grand Rapids' share of 2020 pension expense	304,666	285,020	589,686
Contributions to the plan by City of Grand Rapids	(280,479)	(257,087)	(537,566)
Contributions to the plan by State of Minnesota	-	(11,835)	(11,835)
Increase in net pension liability	327,472	267,355	594,827
Beginning net pension liability	2,814,147	1,465,956	4,280,103
Ending net pension liability	<u>\$3,141,619</u>	<u>\$1,733,311</u>	<u>\$4,874,930</u>

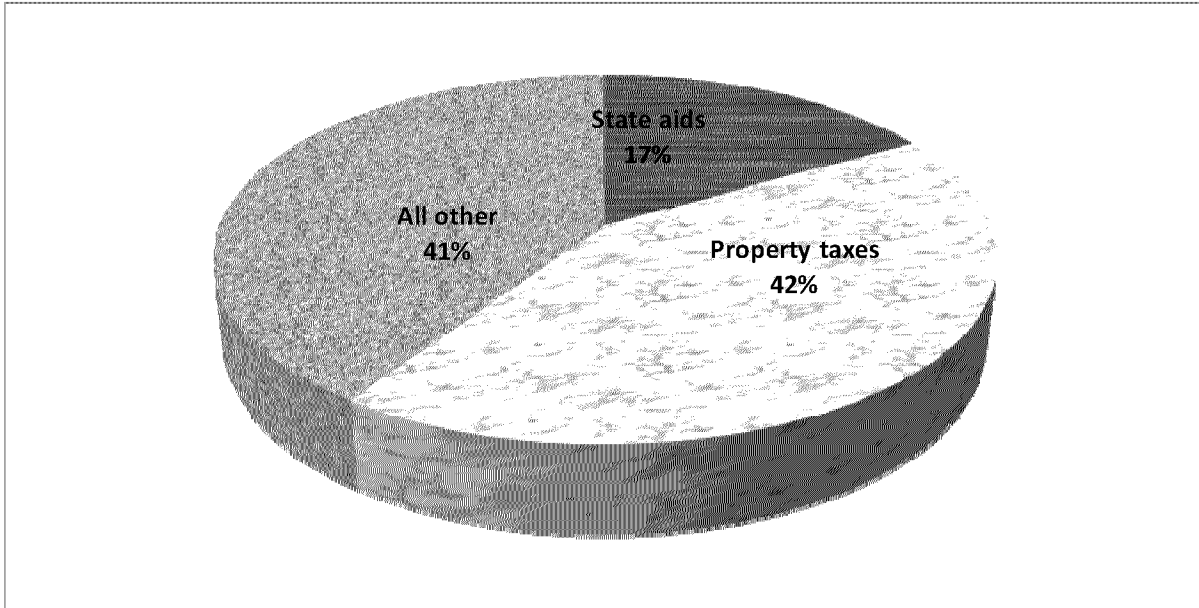
**GENERAL FUND**

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:

<b>General Fund Revenue By Source</b>								
Year	Property Taxes		State Tax Relief (LGA, MVHC and Supplemental Aid)		All Other Revenue <sup>(1)</sup>		Total Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2011	\$3,403,815	46%	\$1,288,735	18%	\$2,431,938	36%	\$7,124,488	100%
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	41%	11,049,659	101%

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

A chart of 2020 General Fund revenue sources is as follows:



The fund balance of the General Fund increased by \$720,900 in 2020 as follows:

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues	\$9,531,000	\$11,050,000	\$1,519,000
Expenditures	9,079,000	10,012,000	(933,000)
Revenues over (under) expenditures	452,000	1,038,000	586,000
Other sources (uses):			
Sale of capital assets	-	182,000	182,000
Insurance recoveries	-	19,000	19,000
Transfers in	4,000	0	(4,000)
Transfers out	(369,000)	(518,000)	(149,000)
Total other sources (uses)	(365,000)	(317,000)	48,000
Net change in fund balance	\$87,000	\$721,000	\$634,000

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

Revenue:

**Intergovernmental revenue** – had a favorable budget variance of \$1,240,000. The City received \$892,000 of Federal CARES money.

**Licenses and permits** – had a favorable variance of \$159,000. For 2020, building activity included Pillars development and Aurora Heights.

Expenditures:

**City-wide** – had an unfavorable budget variance of \$923,000. The city provided the EDA with CARES money totaling \$411,000 and purchased a wastewater treatment upgrade and smart boards totaling \$159,000.

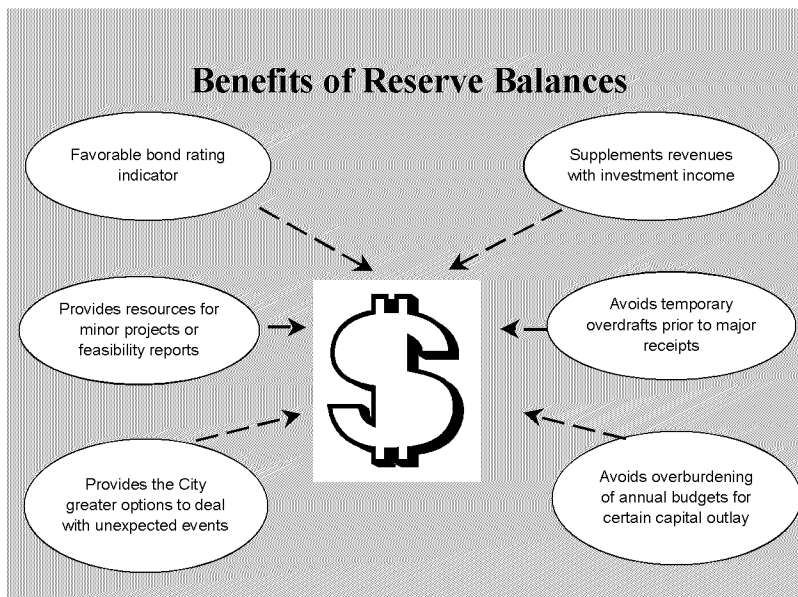
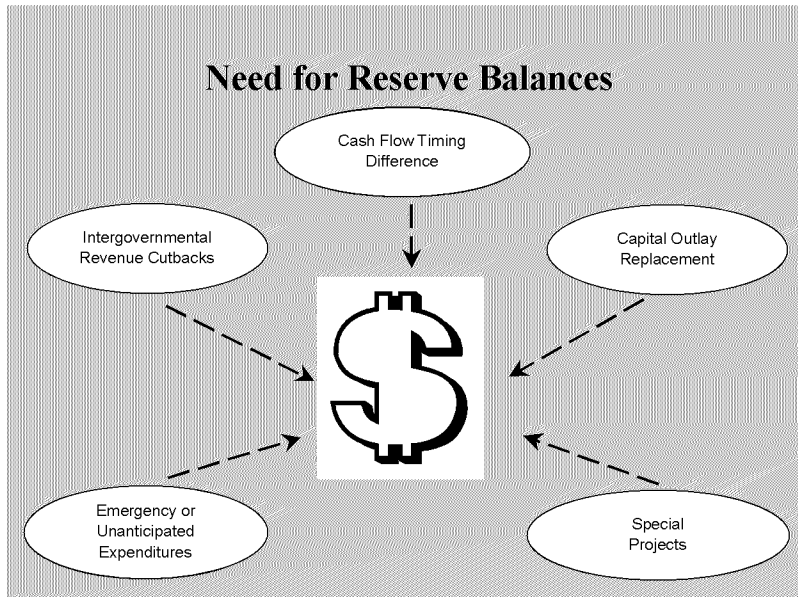
The City's General Fund balance has been as follows for the past ten years:

<b>General Fund Balance</b>		
<u>Year</u>	<u>Amount<sup>(1)</sup></u>	<u>Increase (Decrease)<sup>(1)</sup></u>
2011	\$5,021,000	\$80,000
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

<sup>(1)</sup>Rounded to nearest thousand

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

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



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, 2020, the unassigned fund balance of the General Fund available for reserves was \$4,909,111, compared to its targeted balance of \$6,038,082. 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, 2020, the fund balance of the General Fund was as follows:

Fund Balance Constraint	2020		Balance 12/31/2020	Targeted Balance	Difference
	Balance 12/31/19	Increase (Decrease)			
<b>1 Nonspendable:</b>					
2 Interfund loan	\$1,110,181	\$209,854	\$1,320,035	\$1,320,035	\$ -
3 Prepaid items	126,282	24,759	151,041	151,041	-
<b>4 Restricted:</b>					
5 Cash - Superior USA	13,473	2,282	15,755	15,755	-
6 Donor restrictions	9,062	11,133	20,195	20,195	-
<b>7 Committed:</b>					
8 Revenue stabilization	817,236	108,336	925,572	963,358	(37,786)
<b>9 Unassigned (Available for Reserves):</b>					
10 Cash flow	3,726,904	176,428	3,903,332	3,903,332	-
11 Compensated absences	379,615	94,308	473,923	473,923	-
12 Emergency / unanticipated	438,056	93,800	531,856	963,358	(431,502)
13 Economic development	-	-	-	697,469	(697,469)
14 Unassigned	-	-	-	-	-
<b>15 Total</b>	<b>\$6,620,809</b>	<b>\$720,900</b>	<b>\$7,341,709</b>	<b>\$8,508,466</b>	<b>(\$1,166,757)</b>



**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 2020:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2020	Comments
Public Library	\$887,739	\$832,148	\$6,241	\$61,832	\$616,912	This fund had a balanced budget for 2020. Revenues were less than budget by \$21,000. Expenditures were less than budget by \$83,000.
Central School	74,179	98,741	27,464	2,902	76,674	This fund had a balanced budget for 2020. Expenditures were less than budget by \$15,000. Receives transfer from General Fund, for 2020 the transfer was \$12,000 less than budgeted.
Airport Operations	231,071	274,843	20,000	(23,772)	128,826	This fund had a balanced budget for 2020. Revenue exceeded budget by \$18,000 primarily due to a federal grant for Coronavirus relief aid. Expenditures exceed budget primarily due to full-time employees re-assigned to airport activities rather than being furloughed.
IRA Civic Center	558,291	515,776	-	42,515	(133,681)	The City budgeted an increase in fund balance of \$10,000. Revenues were less than budget by \$215,000 and expenditures were less than budget by \$247,000 primarily due to the impact of Covid 19.
Haz-Mat	59,560	59,560	-	-	1,009	Balanced budget for 2020.
Police Forfeiture	11,466	11,696	-	(230)	76,220	The city budgeted a decrease in fund balance of \$17,000. However, revenues exceeded budget by \$10,000
Cemetery	257,372	279,841	32,475	10,006	110,397	Balanced budget for 2020. Revenues exceeded budget by \$15,000
Domestic Animal Control Facility	38,281	61,500	24,100	881	11,504	Balanced budget for 2020. Receives budgeted transfer from General Fund.
Totals	\$2,117,959	\$2,134,105	\$110,280	\$94,134	\$887,861	

**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, 2020 is as follows:

Fund Balance Constraint	December 31, 2020		
	Targeted Balance	Actual Balance	Difference
Nonspendable:			
Prepaid items	\$16,588	\$16,588	\$ -
Committed:			
Cash flow	419,506	419,506	-
Compensated absences	39,408	39,408	-
Emergency/unanticipated expenditures	61,708	61,708	-
Major equipment replacement	70,523	79,702	(9,179)
Total committed	591,145	600,324	(9,179)
Total fund balance	\$607,733	\$616,912	(\$9,179)

As shown above, the actual fund balance is \$9,179 greater than the targeted fund balance at December 31, 2020.

*Special Revenue Funds*

**IRA Civic Center**

A summary of activity of this Fund is as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 Budget</u>
Revenue	\$716,852	\$721,359	\$741,158	\$558,291	\$674,121
Expenditures:					
Operating	749,122	728,528	752,645	515,776	601,753
Capital outlay	<u>158,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(190,327)	(7,169)	(11,487)	42,515	72,368
Other sources:					
Insurance recoveries	7,000	5,493	-	-	-
Sale of capital assets	14,075	-	-	-	-
Transfers from other funds	<u>145,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(24,185)	(1,676)	(11,487)	42,515	72,368
Fund balance (deficit) - January 1	<u>(138,848)</u>	<u>(163,033)</u>	<u>(164,709)</u>	<u>(176,196)</u>	<u>(133,681)</u>
Fund balance (deficit) - December 31	<u>(\$163,033)</u>	<u>(\$164,709)</u>	<u>(\$176,196)</u>	<u>(\$133,681)</u>	<u>(\$61,313)</u>

The Fund deficit of (\$133,681) at December 31, 2020 is partially financed by an interfund loan of \$66,401 which is to be repaid over ten years (through 2025).

We recommend the City continue to monitor the financial results of this Fund.

**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 Comprehensive Annual Financial Report, it is located in several separate sections. The following schedule extracts information from the Comprehensive Annual Financial Report to provide an overview analysis of long-term debt and its related funding.

# City of Grand Rapids, Minnesota

## Audit Management Letter

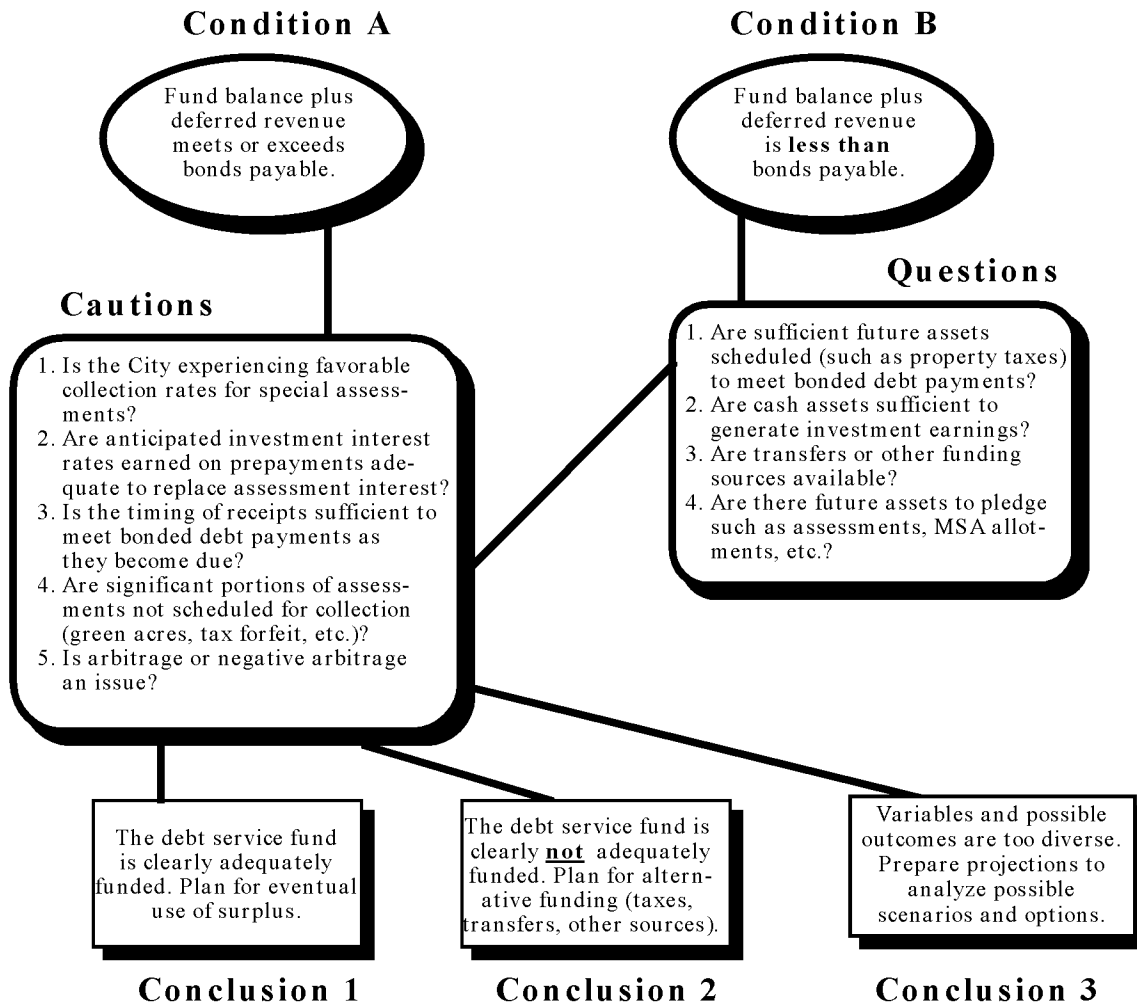
### Debt Service Funds

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	12/31/2020			Outstanding Debt	Scheduled Ad-valorem Property Taxes	Final Maturity Date
	Fund Balance	Deferred Revenue	Total			
Special Assessment Debt:						
1 Improvement Bonds of 2007B <sup>(2)</sup>	12,806	-	12,806	150,000	-	4/1/2022
2 Improvement Bonds of 2009C <sup>(1)</sup>	704,802	172,406	877,208	1,730,000	1,218,691	2/1/2025
3 Improvement Bonds of 2010A	143,710	27,576	171,286	370,000	279,673	2/1/2026
4 Improvement Bonds of 2011B	296,957	127,149	424,106	510,000	342,845	2/1/2027
5 Improvement Bonds of 2012A	770,330	162,341	932,671	1,255,000	891,068	2/1/2028
6 Improvement Bonds of 2012B <sup>(2)</sup>	3,018	-	3,018	2,065,000	-	10/1/2027
7 Improvement Bonds of 2013A	391,230	311,826	703,056	175,000	-	2/1/2021
8 Improvement Bonds of 2013B	929,607	194,594	1,124,201	2,620,000	858,990	2/1/2029
9 Improvement Bonds of 2014A	372,092	75,698	447,790	1,835,000	1,758,536	2/1/2030
10 Improvement Bonds of 2016A	311,942	150,298	462,240	1,795,000	1,658,921	2/1/3032
11 Refunding Bonds of 2017B	865,174	252,405	1,117,579	1,335,000	548,804	2/1/2034
12 Street Reconstruction Bonds of 2017A	398,363	158,653	557,016	1,920,000	2,028,291	2/1/2033
13 Street Reconstruction Bonds of 2018A	358,273	142,882	501,155	1,870,000	1,844,171	2/1/2034
14 G. O. Abatement Bonds of 2019A	385,491	679,177	1,064,668	1,585,000	1,829,167	2/1/2035
15 Street Reconstruction Bonds of 2020A	44,149	150,393	194,542	2,275,000	2,474,914	2/1/2036
16 Supplemental levy <sup>(3)</sup>	-	-	-	-	(430,000)	
17 Total special assessment debt	<u>5,987,944</u>	<u>2,605,398</u>	<u>8,593,342</u>	<u>21,490,000</u>	<u>15,304,071</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.

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.

**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

**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 2008A TIF Bonds only). This pledge was made because the owner of Oakwood Terrace is the same owner as the Old Hospital Housing.

**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, 2020 was \$307,500.



**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, 2020.

**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 \$241,029 at December 31, 2020.

**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 \$242,479 at December 31, 2020. 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 \$259,785 at December 31, 2020.

A Summary of the 2020 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 12/31/2020	PAYGO Balance 12/31/2020
Tax Increment 1-6 Old Hospital Housing	57,000	49,000	8,000	90,000	-
Tax Increment 1-6 Old Hospital Housing Paygo	29,000	26,000	3,000	16,000	307,500
Tax Increment 1-4 Oakwood Terrace	34,000	-	34,000	471,000	-
Tax Increment 1-7 Block 37 Redevelopment	17,000	15,000	2,000	17,000	389,000
Tax Increment 1-8 Lakewood Heights	36,000	32,000	4,000	25,000	241,000
Tax Increment 1-10 River Hills	63,000	57,000	6,000	21,000	502,000
Total	236,000	179,000	57,000	640,000	1,439,500

**CAPITAL PROJECT FUNDS**

The financial activity of the Capital Project Funds for 2020 was as follows:

Fund	Revenue	Expenditures	Bonds Issued	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2020	Comments
General Capital Improvement Projects	\$459,078	\$457,782	\$ -	\$7,811	9,107	\$109,466	2020 expenditures relate primarily to VFW demo, Rose demo, North Homes and ICC funded by an IRRRB grants.
Municipal State Aid	69,264	8,971	-	126,235	186,528	376,050	2020 interfund transfer was from the remaining MSA bond fund monies.
Park Acquisition and Development	196,220	217,169	-	-	(20,949)	77,870	2020 expenditures relate primarily to Riverside Park improvements funded by a Blandin grant.
Arts and Culture Capital Project	748	11,199	-	32,820	22,369	67,255	
Capital Equipment Replacement	183,290	1,039,349	-	239,025	(617,034)	(573,295)	2020 expenditures include fire engine #115 (\$596,000), Volvo wheel loader (\$257,000), track loader (\$46,000), Ford Explorer #2001 (\$45,000) and Ford Explorer #2002 (\$62,000).
Airport Capital Fund	523,382	483,042	-	10,500	50,840	135,789	2020 expenditures include preliminary costs for runway 16/34 reconstruction (\$249,000) and a new plow truck and Monroe towmaster (\$231,000)
IRA Civic Center Projects	49,963	-	-	-	49,963	(52,947)	
Permanent Improvement Revolving	16,870	7,510	-	5,130	14,490	264,062	
2018 Infrastructure - Bonded	-	13,054	-	(174,175)	(187,229)	-	
2019 Infrastructure - Bonded	211,760	767,214	-	(33,770)	(589,224)	137,873	2020 expenditures were for the Golf Course Road utility extension (\$754,000) and Cohasset Trail (\$13,000)
2020 Infrastructure - Bonded	791,679	2,632,951	2,358,520	(32,820)	484,428	243,692	2020 expenditures were for the 2020 street improvement project
2021 Infrastructure - Bonded	2,516,924	2,165,575	-	81,710	433,059	421,718	2020 expenditures were for the new Fire Hall (\$1,665,000) and HWY 2 West Trail (\$379,000)
2022 Infrastructure - Bonded	-	182,142	-	-	(182,142)	(182,142)	2020 expenditures were for the IRA Civic Center renovation
<b>Totals</b>	<b>\$5,019,178</b>	<b>\$7,985,958</b>	<b>\$2,358,520</b>	<b>\$262,466</b>	<b>(\$345,794)</b>	<b>\$1,025,391</b>	

**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:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating revenue	\$567,053	\$582,728	\$589,751	\$651,736
Operating expenses	<u>673,732</u>	<u>621,106</u>	<u>624,109</u>	<u>635,929</u>
Operating income (loss)	(106,679)	(38,378)	(34,358)	15,807
Other income (expense) - net	8,921	27,295	5,190	(735)
Transfers in	-	-	-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Change in net assets	<u>(\$101,258)</u>	<u>(\$14,583)</u>	<u>(\$32,668)</u>	<u>\$15,072</u>

The 2020 budget anticipated a net income of \$32,823. Revenue for 2020 was \$22,000 less than budgeted. Expenditures for 2020 were \$39,000 more than budgeted, which resulted in net income of \$15,072.

**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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating revenue	\$590,824	\$699,897	\$694,278	\$743,663
Operating expenses	<u>689,836</u>	<u>747,613</u>	<u>740,480</u>	<u>663,576</u>
Operating income	(99,012)	(47,716)	(46,202)	80,087
Other income (expense) - net	4,002	7,526	3,236	4,123
Transfers in (out)	<u>-</u>	<u>33,000</u>	<u>-</u>	<u>-</u>
Change in net assets	<u><u>(\$95,010)</u></u>	<u><u>(\$7,190)</u></u>	<u><u>(\$42,966)</u></u>	<u><u>\$84,210</u></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 for 2020 increased 13%.

**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 12/31/2020
General	\$164	\$14,380	(\$14,216)	\$2,880
Capital Project	1,954,492	1,730,309	224,183	872,493
Total	\$1,954,656	\$1,744,689	\$209,967	\$875,373

Capital Project expenditures for 2020 include the following:

DEED - Commercial Rehab	\$62,020
DEED - Owner Occupied Rehab	54,377
CARES grants	411,000
Blandin Foundation EWCL #2 loans issued	556,000
Blandin Foundation EWCL loans issued	489,000
Airport South Ind. Park	13,272
Loan repayments	51,418
All other	93,222
Total	<u>\$1,730,309</u>

The EDA has several loans payable. A summary of these loans is as follows:

Payee	Purpose	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Blandin Foundation	Block 20 & 21 soil remediation	\$100,000	\$ -	\$ -	\$100,000
Blandin Foundation	Airport industrial park	280,000	-	17,500	262,500
Blandin Foundation	Commercial building improvement loans	118,172	-	16,633	101,539
IRRRB	Airport Hangar	293,000	-	8,422	284,578
IEDC	Airport Hangar	63,900	-	8,863	55,037
Blandin Foundation	EWCL	-	550,000	-	550,000
Blandin Foundation	EWCL	-	100,000	-	100,000
	Total	<u>\$855,072</u>	<u>\$650,000</u>	<u>\$51,418</u>	<u>\$1,453,654</u>

The EDA also has inventory of Land Held for resale in the amount of \$2,995,877. 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	679,180
Block 5	258,602
Blocks 20 and 21	267,300
	<u><u>\$2,995,877</u></u>

**ACCOUNTING STANDARDS**

Governmental Accounting Standards Board (GASB) statements that are required to be implemented in future years that may affect the City are as follows:

Upcoming GASB Statements	City Implementation Required By
<b>Statement No. 87</b> <i>Leases.</i>	2022
<b>Statement No. 89</b> <i>Accounting for Interest Cost Incurred before the End of a Construction Period.</i>	2021
<b>Statement No. 91</b> <i>Conduit Debt Obligation</i>	2022
<b>Statement No. 92</b> <i>Omnibus 2020</i>	2022
<b>Statement No. 93</b> <i>Replacement of Interbank Offered Rates</i>	2022
<b>Statement No. 94</b> <i>Public-Private and Private-Private Partnerships and Availability Payment Arrangements</i>	2023
<b>Statement No. 96</b> <i>Subscription-Based Information Technology Arrangements</i>	2023

**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, 2020. 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 December 14, 2018. 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 2020.

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.



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.

**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.

**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.

**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.

# City of Grand Rapids, Minnesota

2020 Audit Review

April 26, 2021

David Mol, CPA

Partner

Phone: 651.407.5803

Email: [dmol@redpathcpas.com](mailto:dmol@redpathcpas.com)

# Reports to be Issued by Auditor

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- Opinion on the Fair Presentation of the Financial Statements
- Report on Internal Controls
- Report on Minnesota Legal Compliance
- Report on Federal Program Compliance
- Audit Management Letter / Communication to Those Charged with Governance

# Opinion on Financial Statements

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- What did we do?
  - Determine the financial statements are presented in accordance with established accounting principles and free of material misstatement.
- How did we do it?
  - Audit Standards
    - GAAS (AICPA)
    - GAGAS (GAO)
  - Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- What is the result?
  - A “clean” opinion is anticipated to be issued on the 2020 financial statements.

# Excellence in Financial Reporting

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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 Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*  
Executive Director/CEO



# Report on Internal Controls

---

- What did we do?
  - We gained an understanding of internal controls in place and their effectiveness in order to design our audit procedures for expressing an opinion on the financial statements.
- How did we do it?
  - Obtain understanding of controls on each major class of transaction and account balance.
  - Select a sample of transactions and perform detailed tests to determine adherence to controls in place and effectiveness.
- What is the result?
  - No findings on internal control over financial reporting.

# Report on Minnesota Legal Compliance

---

- **What did we do?**
  - Determine the City has complied with certain Minnesota Statutes / Laws that pertain to financial transactions
  - Followed the audit guide published by the Office of the State Auditor. The guide consists of seven sections:
    - Conflicts of interest
    - Contracting bid laws
    - Miscellaneous provisions
    - Depositories of public funds and investments
    - Public indebtedness
    - Claims and disbursements
    - Tax increment
- **How did we do it?**
  - Select sample of transactions to test for compliance with statutory provisions.
- **What is the result?**
  - No findings of noncompliance.

# Report on Federal Program Compliance

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- **What did we do?**
  - Determine the City has complied with various requirements of federal programs (Coronavirus Relief Fund - \$858,276).
  - Federal programs have up to twelve areas of compliance
    - Activities allowed, allowable costs, period of availability, procurement and suspension and debarment, reporting, special tests and provisions
- **How did we do it?**
  - Select sample of transactions to test for compliance with statutory provisions.
- **What is the result?**
  - No items of noncompliance noted.

# Communication to Those Charged with Governance

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- Accounting policies used and/or changed.
  - No changes for 2020
- Accounting estimates in the financial statements.
  - Net OPEB Liability (\$21,000)
  - Net Pension Liability - PERA (\$4,875,000)
  - Net Pension Asset – Fire Relief (\$1,417,000)
- No difficulties encountered in performing the audit.
- No disagreements with management.
- Other Matters
  - More changes in accounting standards on the way.

## Financial Highlights

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- Property tax collection rate – 99% for 2020.
- Assessment collection rate – 91% for 2020.
- The General Fund has met the desired cash flow reserve needs. However, the emergency reserve requirements were not met as of December 31, 2020.

# Summary of Financial Activity

Fund Type	Revenues	Expenditures	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance	Fund Balance 12/31/2020	Cash Balance 12/31/2020
<b>General Fund</b>	\$11,251,000	\$10,012,000	(\$518,000)	\$721,000	\$7,342,000	\$5,852,000
<b>Special Revenue Funds</b>	2,118,000	2,134,000	111,000	95,000	888,000	957,000
<b>Debt Service Funds</b>	2,867,000	3,303,000	145,000	-291,000	6,653,000	6,743,000
<b>Capital Project Funds</b>	7,378,000	7,986,000	262,000	-346,000	1,025,000	2,876,000
<b>Enterprise Funds</b>	1,405,000	1,305,000	-	100,000	2,981,000	502,000
<b>Total</b>	<u>\$25,019,000</u>	<u>\$24,740,000</u>	<u>\$ -</u>	<u>\$279,000</u>	<u>\$18,889,000</u>	<u>\$16,930,000</u>

# General Fund

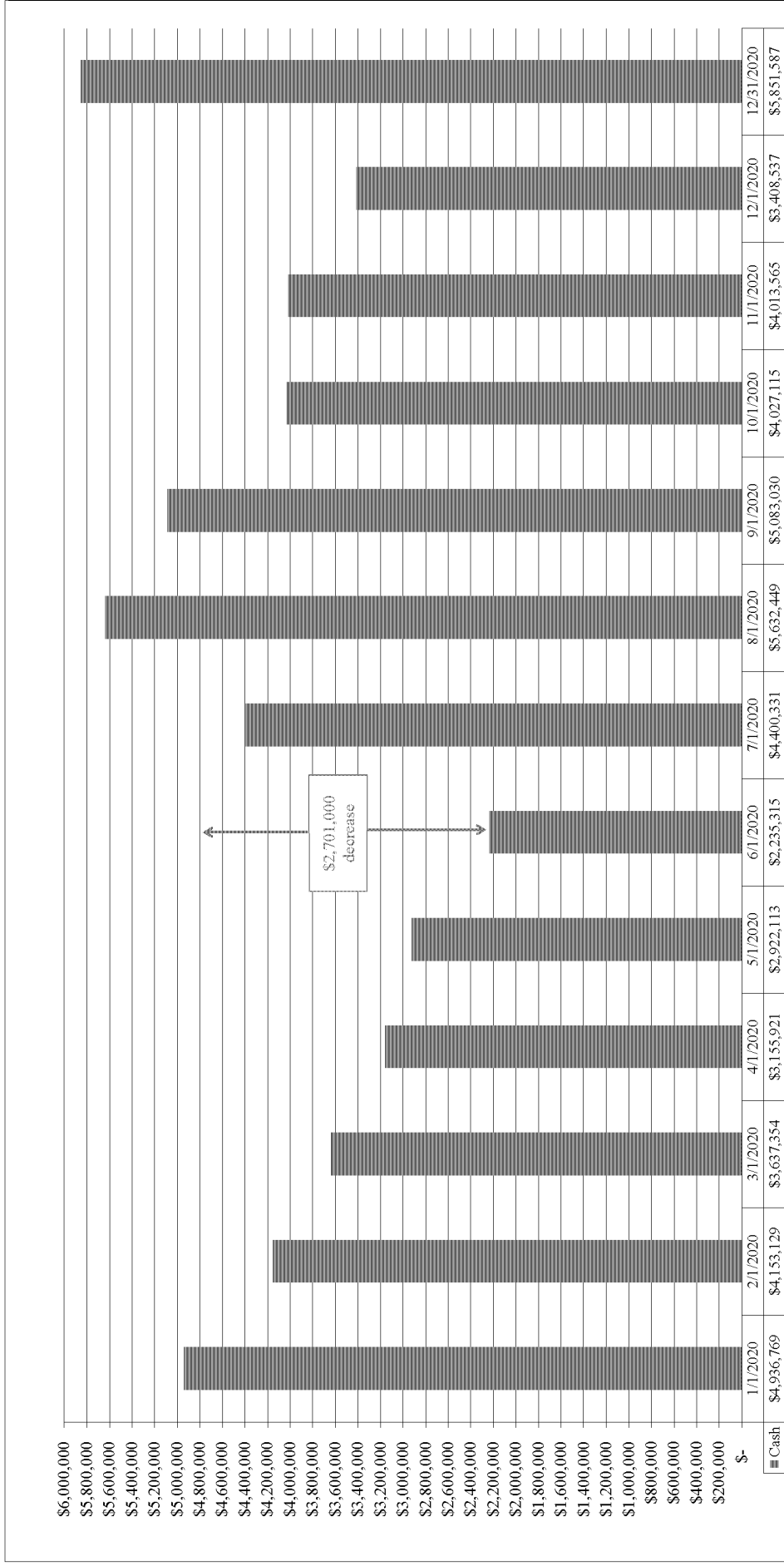
	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues	<u>\$9,531,000</u>	<u>\$11,050,000</u>	<u>\$1,519,000</u>
Expenditures	<u>9,079,000</u>	<u>10,012,000</u>	<u>(933,000)</u>
Revenues over (under) expenditures	<u>452,000</u>	<u>1,038,000</u>	<u>586,000</u>
Other sources (uses):			
Sale of capital assets	-	182,000	182,000
Insurance recoveries	-	19,000	19,000
Transfers in	4,000	11,000	7,000
Transfers out	<u>(369,000)</u>	<u>(529,000)</u>	<u>(160,000)</u>
Total other sources (uses)	<u>(365,000)</u>	<u>(317,000)</u>	<u>48,000</u>
Net change in fund balance	<u><u>\$87,000</u></u>	<u><u>\$721,000</u></u>	<u><u>\$634,000</u></u>

# General Fund Balance

Fund Balance Constraint	2020				Targeted Balance	Difference
	Balance 12/31/2019	Increase (Decrease)	Balance 12/31/2020	Balance		
<b>1 Nonspendable:</b>						
2 Interfund loan	\$1,110,181	\$209,854	\$1,320,035	\$1,320,035	\$ -	
3 Prepaid items	126,282	24,759	151,041	151,041	-	
<b>4 Restricted:</b>						
5 Cash - Superior USA	13,473	2,282	15,755	15,755	-	
6 Donor restrictions	9,062	11,133	20,195	20,195	-	
<b>7 Committed:</b>						
8 Revenue stabilization	817,236	108,336	925,572	963,358	(37,786)	
<b>9 Unassigned (Available for Reserves):</b>						
10 Cash flow	3,726,904	176,428	3,903,332	3,903,332	-	
11 Compensated absences	379,615	94,308	473,923	473,923	-	
12 Emergency / unanticipated	438,056	93,800	531,856	963,358	(431,502)	
13 Economic development	-	-	-	697,469	(697,469)	
14 Unassigned	-	-	-	-	-	
15 Total	<u>\$6,620,809</u>	<u>\$720,900</u>	<u>\$7,341,709</u>	<u>\$8,508,466</u>	<u>(\$1,166,757)</u>	



# General Fund Monthly Cash Balances



# Special Revenue Funds

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2020	Comments
Public Library	\$887,739	\$832,148	\$6,241	\$61,832	\$616,912	This fund had a balanced budget for 2020. Revenues were less than budget by \$21,000. Expenditures were less than budget by \$83,000.
Central School	74,179	98,741	27,464	2,902	76,674	This fund had a balanced budget for 2020. Expenditures were less than budget by \$15,000. Receives transfer from General Fund, for 2020 the transfer was \$12,000 less than budgeted.
Airport Operations	231,151	274,843	20,000	(23,692)	128,906	This fund had a balanced budget for 2020. Revenue exceeded budget by \$18,000 primarily due to a federal grant for Coronavirus relief aid. Expenditures exceed budget primarily due to full-time employees re-assigned to airport activities rather than being furloughed.
IRA Civic Center	558,291	515,776	-	42,515	(133,681)	The City budgeted an increase in fund balance of \$10,000. Revenues were less than budget by \$215,000 and expenditures were less than budget by \$247,000 primarily due to the impact of Covid 19.
Haz-Mat	59,560	59,560	-	-	1,009	Balanced budget for 2020.
Police Forfeiture	11,466	11,696	-	(\$230)	76,220	The city budgeted a decrease in fund balance of \$17,000. However, revenues exceeded budget by \$10,000
Cemetery	257,372	279,841	32,475	10,006	110,397	Balanced budget for 2020. Revenues exceeded budget by \$15,000
Domestic Animal Control Facility	38,281	61,500	24,100	881	11,504	Balanced budget for 2020. Receives budgeted transfer from General Fund.
Totals	\$2,118,039	\$2,134,105	\$110,280	\$94,214	\$887,941	

# Debt Service Funds

	Fund Description	12/31/2020			Outstanding Debt	Scheduled Ad-valorem Property Taxes	Final Maturity Date
		Fund Balance	Deferred Revenue	Total			
		Balance	Revenue	Total			
Special Assessment Debt:							
1	Improvement Bonds of 2007B <sup>(2)</sup>	12,806	-	12,806	150,000	-	4/1/2022
2	Improvement Bonds of 2009C <sup>(1)</sup>	704,802	172,406	877,208	1,730,000	1,218,691	2/1/2025
3	Improvement Bonds of 2010A	143,710	27,576	171,286	370,000	279,673	2/1/2026
4	Improvement Bonds of 2011B	296,957	127,149	424,106	510,000	342,845	2/1/2027
5	Improvement Bonds of 2012A	770,330	162,341	932,671	1,255,000	891,068	2/1/2028
6	Improvement Bonds of 2012B <sup>(2)</sup>	3,018	-	3,018	2,065,000	-	10/1/2027
7	Improvement Bonds of 2013A	391,230	311,826	703,056	175,000	-	2/1/2021
8	Improvement Bonds of 2013B	929,607	194,594	1,124,201	2,620,000	858,990	2/1/2029
9	Improvement Bonds of 2014A	372,092	75,698	447,790	1,835,000	1,758,536	2/1/2030
10	Improvement Bonds of 2016A	311,942	150,298	462,240	1,795,000	1,658,921	2/1/3032
11	Refunding Bonds of 2017B	865,174	252,405	1,117,579	1,335,000	548,804	2/1/2034
12	Street Reconstruction Bonds of 2017A	398,363	158,653	557,016	1,920,000	2,028,291	2/1/2033
13	Street Reconstruction Bonds of 2018A	358,273	142,882	501,155	1,870,000	1,844,171	2/1/2034
14	G. O. Abatement Bonds of 2019A	385,491	679,177	1,064,668	1,585,000	1,829,167	2/1/2035
15	Street Reconstruction Bonds of 2020A	44,149	150,393	194,542	2,275,000	2,474,914	2/1/2036
16	Supplemental levy <sup>(3)</sup>	-	-	-	-	(430,000)	
17	Total special assessment debt	<u>5,987,944</u>	<u>2,605,398</u>	<u>8,593,342</u>	<u>21,490,000</u>	<u>15,304,071</u>	

# Debt Service Funds - TIF

Fund	Revenue and Other Sources	Expenditures and Other Uses	Increase (Decrease) in Fund Balance	Fund Balance 12/31/2020	PAYGO Balance 12/31/2020
Tax Increment 1-6 Old Hospital Housing	57,000	49,000	8,000	90,000	-
Tax Increment 1-6 Old Hospital Housing Paygo	29,000	26,000	3,000	16,000	307,500
Tax Increment 1-4 Oakwood Terrace	34,000	-	34,000	471,000	-
Tax Increment 1-7 Block 37 Redevelopment	17,000	15,000	2,000	17,000	389,000
Tax Increment 1-8 Lakewood Heights	36,000	32,000	4,000	25,000	241,000
Tax Increment 1-10 River Hills	63,000	57,000	6,000	21,000	502,000
<b>Total</b>	<b>236,000</b>	<b>179,000</b>	<b>57,000</b>	<b>640,000</b>	<b>1,439,500</b>

# Capital Project Funds

Fund	Revenue	Expenditures	Bonds Issued	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2020	Comments
General Capital Improvement Projects	\$459,078	\$457,782	\$ -	\$7,811	9,107	\$109,466	2020 expenditures relate primarily to VFW demo, Rose demo, North Homes and ICC funded by an IRRRB grants.
Municipal State Aid	69,264	8,971	-	126,235	186,528	376,050	2020 interfund transfer was from the remaining MSA bond fund monies.
Park Acquisition and Development	196,220	217,169	-	-	(20,949)	77,870	2020 expenditures relate primarily to Riverside Park improvements funded by a Blandin grant.
Arts and Culture Capital Project	748	11,199	-	32,820	22,369	67,255	
Capital Equipment Replacement	183,290	1,039,349	-	239,025	(617,034)	(573,295)	2020 expenditures include fire engine #115 (\$596,000), Volvo wheel loader (\$257,000), track loader (\$46,000), Ford Explorer #2001 (\$45,000) and Ford Explorer #2002 (\$62,000).
Airport Capital Fund	523,382	483,042	-	10,500	50,840	135,789	2020 expenditures include preliminary costs for runway 16/34 reconstruction (\$249,000) and a new plow truck and Monroe towmaster (\$231,000)
IRA Civic Center Projects	49,963	-	-	-	49,963	(52,947)	
Permanent Improvement Revolving	16,870	7,510	-	5,130	14,490	264,062	
2018 Infrastructure - Bonded	-	13,054	-	(174,175)	(187,229)	-	
2019 Infrastructure - Bonded	211,760	767,214	-	(33,770)	(589,224)	137,873	2020 expenditures were for the Golf Course Road utility extension (\$754,000) and Cohasset Trail (\$13,000)
2020 Infrastructure - Bonded	791,679	2,632,951	2,358,520	(32,820)	484,428	243,692	2020 expenditures were for the 2020 street improvement project
2021 Infrastructure - Bonded	2,516,924	2,165,575	-	81,710	433,059	421,718	2020 expenditures were for the new Fire Hall (\$1,665,000) and HWY 2 West Trail (\$379,000)
2022 Infrastructure - Bonded	-	182,142	-	-	(182,142)	(182,142)	2020 expenditures were for the IRA Civic Center renovation
Totals	\$5,019,178	\$7,985,958	\$2,358,520	\$262,466	(\$345,794)	\$1,025,391	

# Pokegama Golf Course

	2017	2018	2019	2020
Operating revenue	\$567,053	\$582,728	\$589,751	\$651,736
Operating expenses	<u>673,732</u>	<u>621,106</u>	<u>624,109</u>	<u>635,929</u>
Operating income (loss)	(106,679)	(38,378)	(34,358)	15,807
Other income (expense) - net	8,921	27,295	5,190	(735)
Transfers in	-	-	-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Change in net assets	<u>(\$101,258)</u>	<u>(\$14,583)</u>	<u>(\$32,668)</u>	<u>\$15,072</u>

# Storm Water Utility

	2017	2018	2019	2020
Operating revenue	\$590,824	\$699,897	\$694,278	\$744,494
Operating expenses	689,836	747,613	740,480	663,576
Operating income	(99,012)	(47,716)	(46,202)	80,918
Other income (expense) - net	4,002	7,526	3,236	4,123
Transfers in (out)	-	33,000	-	-
Change in net assets	<u>(\$95,010)</u>	<u>(\$7,190)</u>	<u>(\$42,966)</u>	<u>\$85,041</u>

# EDA

Fund	Revenue	Expenditures	Change in Fund Balance	Fund Balance 12/31/2020
General	\$164	\$14,380	(\$14,216)	\$2,880
Capital Project	1,954,492	1,730,309	224,183	872,493
Total	\$1,954,656	\$1,744,689	\$209,967	\$875,373

DEED - Commercial Rehab	\$62,020
DEED - Owner Occupied Rehab	54,377
CARES grants	411,000
Blandin Foundation EWCL #2 loans issued	556,000
Blandin Foundation EWCL loans issued	489,000
Airport South Ind. Park	13,272
Loan repayments	51,418
All other	93,222
Total	<u>\$1,730,309</u>





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

# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

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**File #:** 21-1821      **Version:** 1      **Name:**

**Type:** Agenda Item      **Status:** CC Worksession

**File created:** 4/23/2021      **In control:** City Council Work Session

**On agenda:** 4/26/2021      **Final action:**

**Title:** Discuss proposed change to City Council By-laws

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [4-26-21 Draft Changes - Council By-Laws - Copy](#)

Date	Ver.	Action By	Action	Result
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Discuss proposed change to City Council By-laws

PROCEDURE OF THE CITY COUNCIL  
OF GRAND RAPIDS, MINNESOTA

(COUNCIL BY-LAWS)

Amended by City Council  
Revised – 1/14/2019

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PROCEDURES OF THE CITY COUNCIL  
OF GRAND RAPIDS, MINNESOTA

1. **MEETINGS:**

A. **OPEN MEETINGS:**

All Council and Council committee meetings, including special and adjourned meetings, with the exception of closed meetings as defined, shall be open to the public. All meetings and notices of meetings are subject to MN. STAT. 471.705 Minnesota Open Meeting Law.

B. **QUORUM:**

A simple majority (3) of the Council shall constitute a quorum for the valid transaction of any scheduled business to come before the Council.

C. **COUNCIL MEETINGS:**

1. **REGULAR MEETINGS:** The City Council shall meet on the 2<sup>nd</sup> and 4<sup>th</sup> Monday of each month at 5:00 p.m., except in December when the meetings will be on the 1<sup>st</sup> and 2<sup>nd</sup> Monday.
  - a. Meetings falling on a holiday will be scheduled for Tuesday of that week.
  - b. All meetings, including special, recessed, and continued meetings, shall be held in the City Hall Council Chambers unless otherwise designated.
2. **SPECIAL MEETINGS:** Special meetings of the Council may be called by the Mayor or by any two Council members by written request filed with the City Administrator at least three days before the meeting. The City Clerk shall notify each member of the time, place and purpose of the meeting by written notice, at least one day before the special meeting.
  - a. Special meetings may be held without prior written notice to Council members when:
    - 1) All Council members are present at the meeting that the date and time are set for the special meeting or;
    - 2) Consent in writing or by phone to the City Clerk (consent shall be filed with the Clerk prior to the beginning of the meeting).

3. **COUNCIL WORKSESSION:** A Council Worksession will be a special meeting regularly scheduled from 4:00 p.m. to 5:00 p.m. on the second and fourth Monday of each month unless otherwise scheduled.
4. **CLOSED MEETINGS:** The state open meeting law allows certain matters to be discussed by the Council in a closed meeting.
  - a. **RESOLUTION:** The meeting shall be closed by motion of the Council at a public meeting. The motion shall include the time, place and the nature of the subject to be discussed.
  - b. **NOTICE:** The City Clerk shall give advance notice of a closed meeting in the same manner as advance notice of other Council meetings.
    1. If the closed meeting is held during other meetings of the Council, the notice will state the approximate time that the closed meeting is scheduled.
    2. If a meeting must be held under urgent or emergency circumstances which make it impractical to give the customary advance notice, the City Clerk shall make a reasonable, good faith effort to give advance notice to the local news media by other means.
  - c. **SCHEDULE:** If the meeting is held on the same day as a regular Council meeting, it shall be scheduled prior to or immediately following the regular worksession or meeting, whichever is suitable at time of scheduling.
  - d. **ATTENDANCE:** Shall be limited to Council members, the City Attorney (s), City Administrator, and other resource persons designated by the Council, Administrator and/or City Attorney and approved by the Council. A written roll of all persons present at the closed meeting shall be made available to the public after the closed meeting.
  - e. **CLOSED MEETING TO DISCUSS LITIGATION:** The City Attorney shall make a reasonable effort to informally convey information to the news media regarding the subject matter of the meeting.
  - f. **CLOSED MEETING TO DISCUSS STRATEGY FOR LABOR NEGOTIATIONS:** The proceedings at the closed meetings shall be recorded at the expense of the governing body and shall be preserved for two years after the contract is signed and shall be made available to the public after all labor contracts are signed by the governing body.

- a. **MINUTES OF CLOSED MEETINGS:**
1. Minutes for Litigation Matters. Minutes will be prepared, listing persons attending the meeting and the discussion during the meeting. The minutes shall be retained by the attorney for the City and available for Council member review until:
    - a) The earliest date when the City Attorney determines that public disclosure would no longer impair the public interest;
    - b) All matters discussed have become part of public record;
    - c) The matter in controversy is concluded; or
    - d) When a majority of the entire City Council approves release of the minutes.
  2. Minutes to discuss strategy for labor negotiations. A closed meeting for labor negotiations can also be recorded, and be considered as private data until one of the above (a-d) has been determined. The recording will be kept on file by the Clerk.
5. **ORGANIZATIONAL MEETING:** The Council shall conduct an Organizational Meeting concurrent with the first Regular Council Meeting in January of each year, to:
- a. Adopt Council By-Laws. When there are proposed changes to By-Laws during the calendar year, such proposed changes shall be identified in a request for council action at the meeting prior to the meeting it is discussed and considered for approval.
  - b. Appoint the Mayor Pro-Tem.
  - c. Designate the depositories of City funds.
  - d. Designate the official newspaper.
  - e. Mayoral Appointment and Council approval (Appendix D)
    - Economic Development Authority
    - Civic Center/Park & Recreation Advisory Board
    - Housing and Redevelopment Authority
 Council appointments (Appendix C)
    - Public Utilities Commission
    - Grand Rapids Cable Commission
  - f. Appoint Special Council representatives.
    - Coalition of Greater Minnesota Cities
    - City/County Committee
    - Western Mesabe Mine Pit Board
    - Range Association of Municipalities & Schools

- League of Minnesota Cities
  - Natural Gas Joint Powers Board
  - Greenway Joint Recreation Association
  - Arts and Culture Commission – Shall be advisory only.
- 

**D. PRESIDING OFFICER:**

1. The Mayor shall preside at all meetings of the Council.
2. In the absence of the Mayor the Mayor Pro-Tem shall preside.
3. In the absence of the Mayor and the Mayor Pro-Tem the Clerk shall call the meeting to order. The first order of business shall be to select a presiding officer. The Clerk shall preside until the Council members present choose a member to act as presiding officer.
4. The presiding officer shall preserve order, enforce the rules of procedure and determine without debate all questions of procedure and order, subject to the final decision of the Council on an appeal.
5. The presiding officer may make motions, second motions or speak on any questions, except that on demand of any Council member he/she shall vacate the chair and designate a Council member to preside temporarily.
6. Any member may appeal to the full Council a ruling of the presiding officer.
  - a. If the appeal is seconded, the member may speak once solely on the question involved and the presiding officer may explain his/her ruling, but no other Council member shall participate in the discussion.
  - b. The appeal shall be sustained if it is approved by a majority of the members present exclusive of the presiding officer.

**E. VOTING:**

1. The votes of the Council will be taken by voice vote.
2. Votes will be considered unanimous unless otherwise noted.
3. Council members may ask for a roll call vote by the Clerk on any motion or resolution.
4. The Clerk shall ask for a verification roll call if the vote of a Council member is not clear on a voice vote.

5. A majority vote of all Council members shall be necessary for approval of any ordinance unless a larger majority is required by Minnesota State Statute. Except, as otherwise provided by Statutes, a majority vote of a quorum shall prevail in all other cases.
- F. **RULES OF ORDER:** The proceedings of the Council shall be conducted in accordance with Appendix A – Simplified Rules and Section 1 D-6.
- G. **MINUTES:**
1. Minutes are the official record of the City Council once approved.
  2.
    - a. The Clerk shall keep permanent electronic minute files to record at length all Ordinances passed by the Council.
    - b. Ordinances, resolutions, and claims need not be recorded in full in the minutes if they appear in other permanent records and can be accurately identified from the description given in the minutes.
    - c. The minutes of each Council meeting shall be kept by a recorder designated by the City Administrator or by the City Clerk in the absence of the City Administrator.
  3. The minute recorder shall not participate in Council discussions except when called upon by the presiding officer.
  4. The minutes of each meeting shall be typed, signed by the Clerk, and copies delivered to each Council member via Council agenda packet when the minutes are placed on the agenda for approval.
    - a. The proceedings of all Regular Council meetings may be recorded. The recording of each meeting shall be clearly marked denoting type of meeting (regular, special, joint for example), date and time. The recording shall be kept in a secure storage area in chronological order and maintained for the length of time required for data storage and maintenance. Access to recordings shall be open to the public but shall be under the supervision of the Administrator's Office and may not be played back on a machine with an erasure feature. Copies of recordings may be made available for a fee as set by the Administrator's Office. (This does not apply to tapes of closed meetings until they are made public as provided in Section I-C 3 subsections 1 & 2).
    - b. At the next regular meeting, following delivery, approval of the minutes shall be considered by the Council.
      - 1) The minutes need not be read aloud.



- 2) The presiding officer shall call for any additions or corrections.
  - 3) If there is no objection to an addition or correction, it will be made without a vote of the Council.
  - 4) If there is an objection, the Council shall vote upon the addition or correction by roll call vote.
  - 5) Council shall take formal action to approve the minutes as distributed and/or amended.
5. Publishing of Minutes. The City Clerk shall prepare a summary of the minutes of each Council meeting for publication after the official minutes are approved by Council with the exception of minutes of closed meetings. The summary shall include formal actions of the Council and at the City Clerk's discretion, Council discussion and department head reports.

**H. MEETING SCHEDULE:**

1. Each meeting of the Council shall convene at the time and place appointed.
2. Council business shall be conducted in the order of the prepared agenda, unless Council members agree to change the order to accommodate the public.
3. The first regular meeting of the month will typically be scheduled the second Monday of the month at 5:00 p.m.
4. If all business has not been completed the meeting may be continued to another date and time to complete the scheduled agenda without further notice being required.
5. The second regular meeting of the month will typically be scheduled the fourth Monday of the month at 5:00 p.m.
6. Working sessions of the Council will generally be scheduled at 4:00 p.m. on the day of Regular Council Meetings or as deemed necessary by the Council.
7. Public hearings will normally be scheduled at 6:00 p.m. at the Council's discretion.

**I. ORDER OF BUSINESS:**

1. Call to Order.
2. Call of Roll.
3. Presentations/Proclamations
4. Approval of Minutes.
  5. Approval of Verified Claims

6. Public Forum and Correspondence.
7. Council Reports
8. Consent Agenda.
9. Setting of Regular Agenda
10. Acknowledge receipt of Board/Commission minutes.
11. Civic Center/Park & Recreation
12. Community Development/Economic Development.
13. Engineer.
14. Finance Department
15. Fire Department
  16. Grand Rapids Library.
17. Pokegama Golf Course
18. Police Department
19. Public Works.
20. Administration.
21. Public Hearings when scheduled.
22. Adjourn (or Recess)

Notes:

- a. The order of business may be varied by the presiding officer with the consent of the Council.
- b. All public hearings will be conducted at the times scheduled and advertised in the notice of the hearing.
- c. Only by majority approval, and when necessary, will business be acted upon by the Council unless scheduled on the agenda.
- d. Care will be taken to place items of general public concern on the evening agenda.

J. **AGENDA:**

1. An agenda will be prepared for all Council meetings and Council committee meetings in accordance with provisions of Minnesota Statute 471.705.
2. The agenda for special meetings will be set by the presiding officer, or by the Council members calling that meeting three days prior to the meeting at the time of notice and call or at the time of call for an emergency meeting of the Council.
3. The agenda will clearly describe the subject matter under consideration by the Council and any action required.
4. The City Clerk, City Administrator and/or Mayor shall prepare the agenda for all Council meetings.

5. Requests for action or consideration of an item must be presented to the City Administrator and/or Mayor, no later than noon of the business day Wednesday, prior to the Regular Council meeting.
- 6.. City Council members may place an item (items) on the agenda prior to any meeting, by following step five above.
7. The agenda, along with information material, will be delivered to each Council member, City Attorney and given to all media formally requesting such notice as provided by Minnesota Statute 471.705, on the Thursday preceding the Monday-meeting, or at least three (3) days prior to the Regular Council meeting.

**K. CONSENT AGENDAS:**

1. A consent agenda allows the Council to consider several items at one time.
2. Only one motion is needed to approve all of the items at one time.
3. An item on the consent agenda shall be removed for consideration by the request of any one Council member, City staff, or the public and put on the regular agenda for discussion and consideration. This statement shall precede the consent agenda on all printed agendas and shall be announced by the presiding officer prior to consideration of the consent agenda.
4. Consent Agendas may be used for approval of the following; except that the City Administrator has the discretion to place other items on the consent agenda if deemed appropriate.

**ADMINISTRATION:**

- Resolutions supporting projects from other communities when requested by municipal bodies.
- Resolutions to authorize Clerk to publish ordinances in summary.
- Appointment of election judges.
- Approve budgeted equipment purchases.
- Establish Public Hearings

**FINANCE:**

- Issuance of duplicate checks that have been lost; and waive bond requirements.
- Fund Transfers, as authorized through Budget process.

- Establish Public Hearings.

**LICENSES/PERMITS/CONTRACTS:**

- Licenses and permits, including temporary 3.2 beer license and special On-Sale liquor permits for events at the IRA Civic Center, Grand Rapids Sports Complex, and Central School.
- Gambling license applications requiring Council action
- Fire Contracts, recreation contracts, dog pound contracts, and miscellaneous yearly contracts.

**PERSONNEL:**

- Accept resignations and authorize advertisements for replacement of positions.
- Approval of job descriptions, except Department Heads, and authorize advertisement of positions when position has previously been approved by Council.
- Appointment (ratification) of part-time employees if these personnel costs have been included in the budget.

**PROJECTS:**

- Receive petitions and place on file.
- Establish dates for public hearings. (This includes, but not limited to: improvements, rezoning and vacation requests, bond issues, etc.)
- Approve plans and specifications.
- Authorize advertisement for bids/quotes.
- Award of bids and quotes when Council has previously approved solicitation.
- Receive and file project construction feasibility reports.
- Approve contract change orders.
- Accept projects and approve final estimate payments.

- L. **AGENDA MATERIALS:** The Clerk shall make available to the public the agenda material that is presented to the Council. At least one copy of this material shall be available to the public in the Council Chambers and copies provided to the media as requested. Agenda material shall be

available to the public by 8:00 a.m. on Friday preceding the regular scheduled meeting at no charge.

**M. ATTENDANCE:**

1. Department Heads may leave the Council Meetings upon completion of their portions of the agenda.
2. Department Heads may not need to attend Council Meetings if they are not requested to do so or if they have no relevant items on the agenda.
3. The Council may, at its discretion, excuse any staff member from attendance at a meeting during their regular working day.

**2. PUBLIC HEARINGS ON IMPROVEMENTS AND ASSESSMENTS:**

**A. GENERAL PROCEDURE:**

1. Opening comments by Mayor.
2. Clerk's statement regarding notices.
3. Mayor opens hearing on proposed improvement or assessment.
4. Engineer describes improvement and/or assessment procedures.
5. General statement of financing.
6. Public comments.
  - a. Those favoring improvements are heard.
  - b. Those opposing improvements are heard.
  - c. If public wishes to be heard, but does not want to speak, paper is to be provided at the Clerk's table which may be used to write their position. These will be read aloud at the conclusion of comments from the floor. Letters received before the hearing will be read by the presiding officer at this time.
7. Formal action by declaration of the presiding officer to close the hearing.
8. Council takes action ordering or abandoning the proposed improvement or in the case of assessments, takes action in regard to the assessments.
9. The Council may continue the public hearing to receive more information and action may then be taken.

**B. RULES FOR PUBLIC PROCEDURE:**

It is the Council's intention that everyone be heard on proposed improvements or assessment hearings. The following procedure will be used for receiving public input.

1. Individual will raise hand, and when recognized by the presiding officer, stand and state their name and address, using the microphone.
2. The person will then state their position and reason for the position. A time limit may be set by Council. No one will be allowed to speak a second time until everyone has been heard once.
3. The person should address all statements and questions to the presiding officer. The presiding officer will then refer any questions that are to be answered by staff, or project proposer.

**3. MAYOR AND COUNCIL APPOINTMENT PROCESS:**

Minnesota Statutes (various) authorize the City Council and Mayor to establish Boards and Commissions to advise the City Council and Mayor or to operate some programs and facilities. These Boards and Commissions are for the purpose of facilitating the orderly conduct of City business and to provide an opportunity to receive public input into the various functions and programs of the City.

The following Boards and Commissions created by the Council, require appointments to be approved by the Council according to Appendix C.

- A. Greater Grand Rapids Cable TV Commission, to provide oversight and review of the Cable TV franchise and to advise the City Council.
- B. Pokegama Golf Course Board, to operate Pokegama Golf Course and to advise the Council on the management of this municipal enterprise. (Municipal Code Chapter 2, Article V, Division 4, Sec. 2.241-2.247).
- C. Human Rights Commission, purpose is to secure for all citizens freedom from discrimination. (added 1-24-05) Municipal Code Chapter 2, Article V, Division 6, Sec. 2.301-2.304).
- D. Library Board, to provide library services to City residents. (Municipal Code Chapter 34, Mn. Statute Chapter 134.07).
- E. Planning Commission, to advise the Council on planning and zoning for the orderly development of Grand Rapids. (Municipal Code Chapter 30, Article II, Sec. 30.31-30.32, Mn. Statute 462.354).

- F. Police Community Advisory Board, to enhance communication between residents, Police Department and the City Council. (Municipal Code Chapter 2, Division 8, Sec. 2-351, Ordinance No. 15-02-02)
- G. Public Utilities Commission, to operate electric, water and sewer service enterprises and to operate certain public buildings. (MN Statute 412.341, and Minnesota Special Laws 1999, Chapter 195, Special Laws 2014, Chapter 224—S.F. No. 2609).
- H. Property Maintenance and Building Codes Board of Appeals to hear appeal's regarding a decision of the code official or notice or order issued under the Property Maintenance or Building Code (Ordinance No.'s 05-02-03 and 05-02-04).
- I. Arts & Culture Commission, to assist Grand Rapids in becoming a community in which arts and culture activities are recognized as vital components of community life; are valued and promoted for their economic benefits; represent an integral part of the communities' educational mission; and cooperate with other community organizations to enhance Grand Rapids' culture identity and quality of life in the community, the surrounding region and beyond.
- J. Joint Natural Gas Board, City Ordinance 12-08-10 authorized Gorhams' Incorporated to develop a natural gas distribution system within the City and a Rate Agreement dated August 13, 2012 formalized having rates regulated by the City under Mn Statutes 216B.02. A Joint Powers Agreement between the City and Harris Township, dated June 12, 2013, established a joint City/Township board to regulated natural gas rates.
- K. Add Greenway Joint Recreation Association detail.

**APPOINTMENT POLICY:** It will be the policy of the City Council to:

1. Offer appointment to the best-qualified citizens to our Boards and Commission who will enhance the diversity of the Board and Commission. When candidates are viewed as equal in strength, preference should be given to resident, property owners, or business owners, prior to a non-resident.
2. Advertise all vacancies to Boards and Commissions: (This ad should include a brief description of the Board or Commission, time and days of meetings, how often meetings are held, the number of vacancies and any special requirements.) In addition, staff will notify organizations and association in the community, such as the Downtown Business Association, The Grand Rapids Chamber Association, etc., of such vacancies.
3. Consider all appointments by the process presented in Appendix C. Board/Commission members who have completed their term are encouraged and eligible to reapply for appointment to their current Board or Commission or to apply for appointment on another Board or Commission to a vacancy on another Board or Commission.
4. ~~For residency requirements, see Appendix B. All members of the above-mentioned Boards and Commissions shall be residents of the City of Grand Rapids with the following exceptions. For any Board or Commission with a~~

~~membership of five or less members, one such member may be a non-resident of the City of Grand Rapids unless prohibited by law. For any Board or Commission with a membership of six or more members, no more than two such members may be a non-resident of the City of Grand Rapids, unless otherwise prohibited by law.~~

~~(Note: City residency is required unless exempted by State Statutes, City Ordinance, or these by laws (Appendix B).~~

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5. Provide training and encouragement for active participation in all Board/Commission business through the employment of high quality staff or consultants to support them and to facilitate open communication.
6. Keep all applications active during the year for appointment to vacancies should they occur. The Council reserves the right to appoint any qualified candidates even though they did not apply as a result of an advertisement. There is no implied guarantee of appointment or re-appointment to any Board or Commission.

#### 4. **MAYOR BOARD/COMMISSION APPOINTMENT AND COUNCIL APPROVAL PROCESS:**

Minnesota Statutes (various) authorizes the Mayor to appoint and the Council to approve memberships on various Boards and Commissions created by the Mayor and Council. The following Boards and Commissions, created by the Mayor and Council, require a Mayoral appointment with approval of the Council according to Appendix D.

- A. Economic Development Authority (EDA), to provide a tool for economic stimulation in Grand Rapids. (GR Res. No. 93-130 Mn. Statute 469.090-469.108).
- B. Housing and Redevelopment Authority, to provide affordable housing for all residents. (Mn. Statute Chapter 469).
- C. Civic Center/Park & Recreation Advisory Board, to advise the Council on Recreation and Park programs and facility development. (Municipal Code Chapter 2, Division 3, Sec. 2-181-2.189; Mn. Statute 412.501; 471.15). Will also serve as the City representative on the Greenway Joint Recreation Board.

Appendix D provides the process by which these appointments will take place.

#### 5. **COUNCIL COMMITTEES:**

- A. The Council may at any time appoint a special or standing committees consisting of no more than two Council members and support staff.
- B. Committee members, excluding staff, will be chosen by consensus of the Mayor and Council based upon interest expressed by individual members. Staff



appointments will be made by the Mayor in consultation with the City Administrator.

- C. Council committees may be special (limited) or standing (on-going). Standing committees will be appointed at the annual/organizational meetings.
- D. Council committees are formed to provide Council review, oversight, clarification and information to staff members.
- E. Council committees provide a forum for staff and Council members to share information or new ideas.
- F. Council committees may carry out staff supervision as directed by Council.
- G. Council committees may be established to conduct specific tasks as directed by Council.
- H. Council committees are not to set policy but may make recommendations for policy or procedures to full Council.
- I. Council committee meetings may be called by the Council, committee members, the Mayor, the City Administrator, or at the request of a Department Head, commission, or board chairperson to discuss specific topics.
- J. Council committees shall have a prepared agenda and follow rules of public notification. Each committee will designate a presiding officer and have an agenda prepared at least three (3) days before the meeting.
- K. Council committees shall keep minutes of all meetings. The original shall be filed with the City Clerk. A copy is to be given to the City Administrator and distributed to all Council members. These minutes should include committee name, date, time, location, person calling the meeting, persons present, and a brief summary of topics discussed. City staff will be assigned to record minutes.

6. **COUNCIL REPRESENTATIVES:**

- A. Council representation on various City Boards and Commissions will be determined by consensus of the Mayor and Council based upon interest expressed by individual members.
- B. Council representatives will be determined at the organizational meeting of the Council or when a vacancy occurs.
- C. Council representatives will act as liaison between the Boards and Commissions and the Council.
- D. Council representatives may help interpret previous Council action or policy to the various Boards and Commissions.

- E. Council representatives should bring back to the Council concerns or issues as requested by the Board or Commission and are encouraged to bring issues to the Council's attention, which may be of interest to the Council as a whole.
- F. Council representatives shall be voting members of City Boards and Commissions.

7. **SPECIAL APPOINTMENTS:**

From time to time Councilmembers may be designated to serve as the official representative of the Council on community, regional or statewide boards. These will be determined by consensus of the Council and Mayor based upon interest expressed by individual members. Each appointee is expected to regularly inform the Council of activities and issues of concern to the City.

8. **CONFLICT OF INTEREST STATEMENT:**

With certain exceptions, Minnesota laws forbid any Mayor or Councilmember to have a personal financial interest in or to benefit from the making of any sale, lease or contract with the City.

Exceptions are:

- A. The designation of a bank in which the Mayor or Council member is interested as the official depository for city funds if the official discloses interest;
- B. The designation of an official newspaper in which a City official is interested when it is the only newspaper complying with statutory or charter requirements relating to official publications;
- C. A contract with a cooperative association in which a City official is a shareholder, but not an officer or manager;
- D. A contract for which competitive bids are not required.
- E. A contract with a volunteer fire department for the payment of compensation or retirement benefits to its members.

If however, a Mayor or Council member is simply an employee of a firm and receives no commission, bonuses, or other remuneration directly from its contracts, and is not a stockholder, the Council may enter into a contract with the organization for which the officer works regardless of the amount of the contract.

9. **SUSPENSION OR AMENDMENT OF THESE RULES:**

These rules, or any of them, may be temporarily suspended by a majority vote of all the Council members, (unless governed by Minnesota State Statute) and shall not be repealed or amended except by a majority vote of the whole Council after notice has been given at a preceding Council meeting.

10. **CITY COUNCIL SALARY INCREASES:**

In an even calendar year, prior to the general election, the City Council shall establish the salary of the Mayor and Councilmembers to be effective January 1<sup>st</sup> of the following odd calendar year. The method to determine the salary will be to take the existing salaries and increase them based on the Consumer Price Index (CPI) as published on the Federal Reserve Bank of Minneapolis website. Typically, this will require the CPI for the two previous years. If pay increases are missed, the salaries shall be increased according to the CPI index in all years of no increases.

## Appendix A – Simplified Rules

Motions (In Precedence Order)	Motion Maker Needs Recognition?	Motion Needs A Second	Motion Is Debatable	Motion Is Amendable	Vote Required To Pass	Applies To What Other Motion?	Special Notes And Comments
10. Adjourn	Yes	Yes	No	No	Majority	None	Highest Precedence
9. Recess	Yes	Yes	No	Yes	Majority	None	
8. Appeal (1)	No	Yes	Yes	No	Majority	Decisions of Chair	Members can challenge decision by the chair
8. Point of Order	No	No	No	No	Chair Decides	None	To point out an error
8. Parliamentary Inquiry (1)	No Yes	No Yes	No No	No No	Chair Decides 2/3 rds	None None	To ask a question Cannot apply to minority rights
8. Division (1)	No	No	No	No	Chair Decides	All Votes	A second vote on votes that are close
7. Lay On Table	Yes	Yes	No	No	Majority	Main, amend, appeal	Also called postpone temporarily
6. Close Debate (1)	Yes	Yes	No	No	2/3 rds	All Debatable Motions	Also called previous questions & vote immediately
5. Limit Debate (1)	Yes	Yes	No	Yes (3)	2/3 rds	All Debatable Motions	To limit debate to a set period
4. Postpone Definitely	Yes	Yes	Yes (2)	Yes (3)	Majority	Main Motions	To set aside to next meeting
3. Refer to Committee	Yes	Yes	Yes (2)	Yes (3)	Majority	Main Motions	To allow a small group to study
2. Amend (1)	Yes	Yes	Yes	Yes	Majority	All amendable Motions	You may amend an amendment
1. Main	Yes	Yes	Yes	Yes	Majority	None	Lowest Precedence

(1) Indicates possible to precedence order.  
exception

(2) Limited to the sense that debate is only on the merits of that specific motion.

(3) Restricted to the variable part of the motion.

APPENDIX A (Continued)  
A BRIEF EXPLANATION OF COMMONLY USED MOTIONS AND TERMS

1. Main Motion – to bring business before the organization. “I move that the Student Government pay D.E. Sikkink \$100 for his speech.”
2. Amend – to change motions so they more closely express the will of the group. “I move to amend the motion by striking out the word \$100 and inserting \$10.”
3. Vote Immediately – to stop discussion and to get a vote. “I move to vote immediately on the amendments.” (Also called Close Debate and Previous questions.)
4. Parliamentary Inquiry – to let a member ask questions. “Mr. Or Ms. Chairperson, can we have a secret ballot on this amendment?”
5. Point of Order – to call attention to a mistake in procedure. “Mr. Or Ms. Chairperson, there was no second for that motion to amend.”
6. Division – a request for the chairperson to use a more accurate method of voting. “Mr. Or Ms. Chairperson, I call for a division on that last vote.”
7. Appeal – to get a vote by the group on some procedural decision made by the chairperson. “I appeal your decision on not allowing a secret ballot.”
8. Refer to Committee – to allow for study and investigation by a smaller group. “I move to refer the main motion to a committee of three appointed by the chair.”
9. Postpone Definitely – to consider at a definite future time. (No later than the next meeting.) “I move to postpone this main motion definitely to our next regular meeting.”
10. Postpone Temporarily – to consider at an unspecified time. “I move to postpone this main motion temporarily.”
11. A quorum is the minimum number of members who must be present in order to transact legal business.
12. Precedence refers to the rank of motions. When a motion has been made, any motion of higher order may be proposed but no motion of lower order may be proposed (there are a few exceptions).  
Motions are discussed and acted upon in inverse order to their proposal (the last motion made will be acted on first, etc.) See Appendix A-1

Board/Commission	Independent	Advisory	Appointing Body	Number of Members	Term Length	Meeting Date/Time	Meeting Place	State Statute	Staff Rep.	City Ordinance	Residency Requirement
Arts & Culture Commission	X		Council	9	3 year 2 term rule	1 <sup>st</sup> Tuesday 3:15 p.m. 2 <sup>nd</sup> & 4 <sup>th</sup> Thursday 4:00 p.m.	City Hall		Asst. Library Director	13-02-04	No
Economic Development Authority	X		Council	7 (2 Council Reprs.)	6 years	Thursday 4:00 p.m.	City Hall	358c	Community Development Director	Res. 93-130, 86-82 and 94-164	4 residents or City property owners & up to 3 non-residents. <sup>5</sup>
Golf Course Board	X		Council	5	3 years 2 term/6 year rule	3 <sup>rd</sup> Tuesday noon	City Hall	471.15-71.19	Director of Golf	Chapter 2 of Municipal Code	4 City Res. & 1 may be non-res. - Ordinance 09-01-01
Civic Center /Park & Recreation Advisory Board		X	Council	7	3 years	3 <sup>rd</sup> Wednesday 4:30 p.m.	Civic Center		Park & Rec/Civic Center Manager	5	5 residents & 2 non-residents
Cable Commission	X		1 Council		Council appointment	1 <sup>st</sup> Monday (every three months)	ICTV		None	Resolution Joint Powers	Yes
Housing & Redevelopment Authority	X		Council	7	5 years 2 term rule	3 <sup>rd</sup> Wednesday 4:00 p.m.	HRA	Mun. Hsg. Redev. Act 469	HRA Manager		State Statute 469.003 Yes
Library Board	X		Council	9	3 years 3 term rule	2 <sup>nd</sup> Wednesday 4:00 p.m.	Library	134	Library Director	2.02	4 non-res and 5 residents § 134.09
Planning Commission		X	Council	7	4 years	1 <sup>st</sup> Thursday 4:00 p.m.	City Hall		Community Development Director	23.18	Yes ≠ Planning Comm. By-Laws
International Property Maintenance and Building Codes Board of Appeals	X		Council	3 plus 2 alternates	4 years		City Hall	MN Rules 1300.0230 Building Code	Rob Mattei	05-02-03 and 05-02-04	No
Police Community Advisory Board		X	Council	9	3 years	1 <sup>st</sup> Friday on even months 7:30 a.m.	City Hall		Police Chief	15-02-02	7-5 residents & 2 non-residents His was changed on 4/11/20016.
Public Utilities Commission	X		Council	5	4 years	2 <sup>nd</sup> Wednesday 4:00 p.m.	PUC Service Center	412.341	Public Utilities Manager		No
Human Rights Commission	X		Council	9	3 years	Last Wednesday Feb. – May- Aug. – Nov.	City Hall		Human Resources Director	Ordinance 04-05-09	No



APPENDIX D

MAYORAL BOARD/COMMISSION APPOINT AND COUNCIL APPROVAL PROCESS

<u>DATE</u>	<u>ACTION</u>	<u>RESPONSIBILITY</u>
By November 1	The Administrator's office shall present in writing to the Mayor and Council a prepared list of Board and Commission members whose terms expire the following March <u>and shall identify whether the member has been notified of the expiration of their term.</u> This list shall identify Board, name, date first appointed and eligibility for reappointment (as defined in Council By-Laws)	Staff & Mayor/Council
In Mid-November	An informal Council review <u>by council members who sit on the various boards and commissions</u> to _____ consider offering reappointment to eligible Board/Commission members.	Mayor/Council
In Late November	Letters to eligible and in-eligible Board/Commission member(s) will be prepared and sent.	Staff/Mayor
In Mid-December	The Administrator's office will prepare a Respondent's List for reappointment to help determine vacancies and present to Mayor and Council for approval to prepare a vacancy list and authorize position vacancy advertisement.	Staff/Mayor/Council
In Mid-January early February	Mayor and Council will review responses to position vacancy advertisement.	Mayor/Council
First Meeting in February	Mayor and Council discuss candidates for Board and Commission appointments and through consensus designate a candidate for consideration by the Mayor for appointment. Mayor may appoint or reject the designated candidate. The Council shall then vote upon approval of the candidate appointed by the Mayor.	Mayor/Council