



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail City Council Work Session

Monday, July 27, 2020

4:00 PM

Conference Room 2A

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, July 27, 2020 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. 20-1127 Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.
Attachments: [City of Grand Rapids - 2019 Final Issued CAFR](#)
[City of Grand Rapids - 2019 Final Issued IC](#)
[City of Grand Rapids - 2019 Final Issued LC](#)

2. 20-1160 Discuss Memorandum of Understanding Between Mississippi Headwaters Board and City of Grand Rapids.
Attachments: [Mississippi Headwaters Grand Rapids Rec sign project](#)

3. 14-0789 Review 5:00 PM Regular Meeting

ADJOURN

Attest: Kimberly Gibeau, City Clerk



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 20-1127 **Version:** 1 **Name:** 2019 Financial Statements
Type: Agenda Item **Status:** CC Worksession
File created: 6/11/2020 **In control:** City Council Work Session
On agenda: 7/27/2020 **Final action:**
Title: Financial Statement Presentation by David J. Mol, Partner, Redpath & Company, Ltd.
Sponsors:
Indexes:
Code sections:
Attachments: [City of Grand Rapids - 2019 Final Issued CAFR](#)
[City of Grand Rapids - 2019 Final Issued IC](#)
[City of Grand Rapids - 2019 Final Issued LC](#)

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 July 27, 2020:

- Audit Management Letter
- Comprehensive Annual Financial Report
- Independent Auditor's Report on Compliance and on Internal Controls
- State Legal Compliance Report

Mr. Dave Mol, Partner, Redpath & Company, Ltd. will be here on Monday, July 27, 2020 to make a presentation to the City Council of the 2019 audited financial statements, the Management Letter, Report on Compliance and Internal Controls, and State Legal Compliance at the 4:00 p.m. work session.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF GRAND RAPIDS, MINNESOTA

For The Year Ended
December 31, 2019

Prepared by:

Finance Department

Barbara Baird
Finance Director

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CITY OF GRAND RAPIDS, MINNESOTA
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I. INTRODUCTORY SECTION

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June 10, 2020

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

The Comprehensive Annual Financial Report (CAFR) for the City of Grand Rapids for the fiscal year ended December 31, 2019, is hereby submitted. Minnesota State Statutes require that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This requirement has been met by the engagement of the firm of Redpath and Company, Ltd. and their report is included in the financial section of this report.

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

The City of Grand Rapids' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Grand Rapids for the fiscal year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Grand Rapids' financial statements for the fiscal year ended December 31, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village of Grand Rapids was incorporated on June 11, 1891 and became a statutory City on January 9, 1974. The City of Grand Rapids, the Itasca County seat, is located 180 miles north of Minneapolis and St. Paul, Minnesota, in the north central part of the state. The City is located in the heart of a resort and recreation area and is the major commercial service and industrial center. The City of Grand Rapids currently occupies a land area of 24.40 square

miles and serves a population of 11,389. The City of Grand Rapids signed an Annexation Agreement with the Grand Rapids Township in 2000 and the City annexed the last area of the Township on January 1, 2010. The City of Grand Rapids is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation. The City is the region's retail trade, health care, education and cultural center with a market draw of more than 49,000 people.

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

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

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

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. All agencies of the City of Grand Rapids are required to submit requests for appropriation to the City Administrator in May of each year for the following year's budget. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator meets with the Council to develop a budget. The Council is required to hold a public hearing on the proposed budget and certify an adopted final budget to the County Auditor by no later than December 29.

The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfer of appropriations between departments, however, require the special approval of the governing Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 48 as part of the basic financial statements for the government funds. For governmental funds other than the general fund, and with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, shown on pages 51.

Local economy

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

A major contributor to the local economy is forestry and its related products and activities. The UPM Blandin Paper Mill, historically one of the City's largest employers, operates in the City of Grand Rapids. While Blandin has downsized its operations over the past two decades, it continues to be one of few paper production facilities, nationwide, maintaining a full order sheet and delivering a profit to the parent company, further evidenced by UPM's investment of over \$10M in its manufacturing process equipment in 2019. With the City of Grand Rapids showing continued growth in population, it is apparent that the City's efforts in diversifying our economic base have lessened the impact of Blandin's declined employment in the community.

Grand Rapids is also home to All Season Vehicles, Inc. ASV currently employs approximately 186 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders. In 2017, the Grand Rapids Economic Development Authority secured a DEED Minnesota Investment Fund grant to assist ASV with a project to move their parts distribution from a third party logistics company in Southaven, MS to a leased space in the Grand Rapids industrial park, where ASV manufacturing plant is located. This move to bring their parts distribution in-house, in

Grand Rapids, resulted in the creation of 14 new positions. In September of 2019 100% of the ASV shares were purchased by Yanmar, a global producer of engines, agricultural equipment, construction and marine equipment, tools and components. Through our conversations with ASV company officials, it is clear that this is a positive development for Grand Rapids. This message came through in Yanmar's press release, as well, which included this statement: "We expect ASV to realize significant, channel and product synergies after joining the Yanmar Group," stated Mr. Giuliano Parodi, Executive Officer of Yanmar Holdings. "In addition, the ASV Grand Rapids facility will continue as a center of excellence for compact tracked loaders and skid steer loaders, while benefiting from the global capacity and resources of the Yanmar Group."

In 2018, the City of Grand Rapids entered into a contract for private development with Rebound Hospitality, including the creation of a TIF redevelopment district, involving the demolition of the recently closed Sawmill Inn and the construction of a new Best Western Plus hotel. In 2020, construction will commence on the 82-unit hotel as well as a multi-tenant retail store on two of the five newly created commercial sites in this redevelopment.

Building permit activity in 2019 was at a record level above the 15-year annual average of \$24.1M with permits for projects reaching a total value of \$75.7M. Commercial projects accounted for \$16.3M of the total and governmental projects at \$54.3M, including two new elementary schools valued at \$47.3M. In terms of the number of permits issued, the 2019 total of 561 permits was slightly above the 10-year average of 550. In 2019 development highlights included the construction of a new \$5.5M office/headquarters for Paul Bunyan Communication, a new commercial building for Anytime Fitness, the renovation of a downtown building and startup of a new brewpub, Rapids Brewing, a large addition and remodeling of Sammy's Pizza, a \$4.3M renovation of the National Guard Armory, and the remodeling of several downtown storefronts.

Grand Rapids has added 477 new housing units since 2010. This growth has increased the State Demographer's estimated Grand Rapids population from 10,869 in 2010 to 11,392 in 2018. This 4.8% growth in population over that period is the highest of any similar sized or larger community in the Northeast Region of the state. New multi-family housing growth is on a course to reach a new high in Grand Rapids in 2020. In 2019, the City approved the creation of a TIF Housing District to support the development of a 118-unit senior living community, an \$18.2M facility set to be under construction this June. In addition, the Itasca County HRA will begin construction on an \$8.8M 56-unit LIHTC project on a former elementary school site currently owned by the City and the City is also reviewing another TIF housing district request for a \$5.0M 48-unit apartment on another City owned parcel. Also, in an earlier stage of possible development, is another \$12.0M 100-unit market rate apartment project on GREDA owned property adjacent to the new west elementary school. If all of those projects advance in 2020, they would add 322 units of housing in one year. The closest to that figure previously was 160 units developed in 2013. The demand for all of these units is supported by the recently completed housing demand analysis, prepared for the Itasca County Housing and Redevelopment Authority.

Long-term financial planning

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

In 2010, the City annexed the final area in a ten-year Orderly Annexation process of Grand Rapids Township. Each area annexed is phased into the City's tax rate over a period of five years. While the City will have an increased tax base, it also has increased costs for public safety, public works, and infrastructure replacement. It is the Council's goal to see that increases to the levy are minimized while level of service is maintained.

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

Relevant Financial Policies

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

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

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

Major initiatives

In 2019, the City continued to focus resources on making needed improvements to the IRA Civic Center.

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

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

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

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

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

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

Preliminary Estimates to address these needs is approximately \$11M-\$12M.

The City of Grand Rapids Administration has identified two potential solutions:

1. Identify funding to address these needs - funding options for consideration:
 - State Bonding (requested \$5,488,000) – Requires inclusion in a state bonding bill
 - Sales tax revenue – 1% for 6-8 years – Requires referendum and legislative approval
 - General Obligation bonds (property tax revenue) – Issued by the City of Grand Rapids
 - Private fund raising and/or grants from agencies/foundations
2. Close the facility.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This was the twenty-seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Tom Pagel
City Administrator



Barbara A. Baird
Finance Director

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Government Finance Officers Association

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

Presented to

**City of Grand Rapids
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

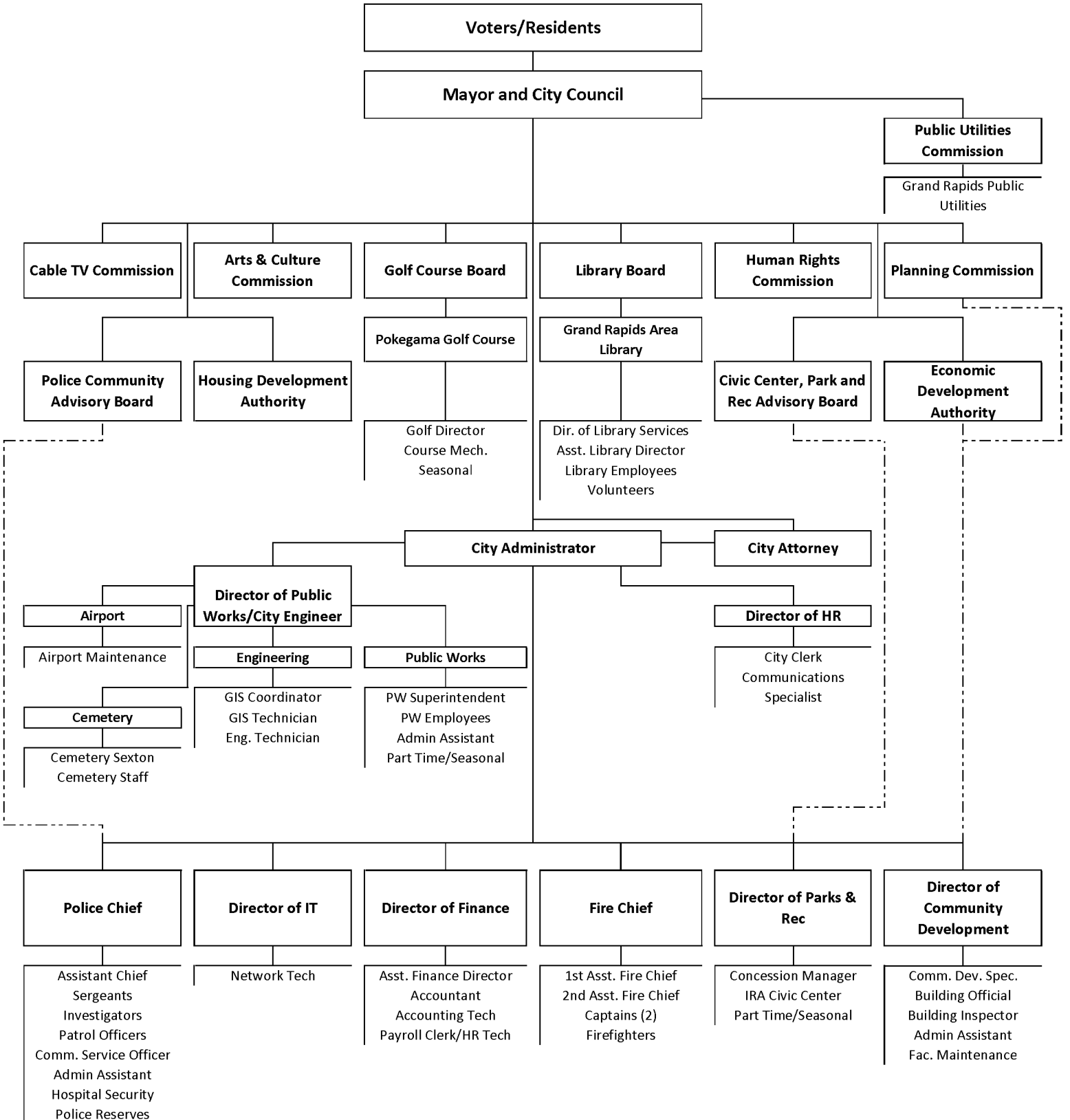
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CITY OF GRAND RAPIDS, MINNESOTA
PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS
 December 31, 2019

	<u>Term Expires</u>
Mayor:	
Dale Adams	December 31, 2020
Council Members:	
Dale Christy	December 31, 2020
Tasha Connelly	December 31, 2020
Richard Blake	December 31, 2022
Michelle Toven	December 31, 2022
City Administrator..... Tom Pagel	
Finance Director - Treasurer..... Barbara Baird	
Fire Chief..... Travis Cole	
Director of Library Services..... William Richter	
Director of Community Development..... Rob Mattei	
Director of Human Resources..... Lynn DeGrio	
City Clerk..... Kim Johnson-Gibeau	
Public Works Director / City Engineer..... Matt Wegwerth	
Chief of Police..... Scott Johnson	
Information Technology..... Erik Scott	
Director of Golf Operations..... Robert Cahill	
Director of Parks and Recreation..... Dale Anderson	

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



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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit), which represent 50 percent, 45 percent, and 51 percent, respectively, of the assets, net position, and revenues of the primary government and its discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Utilities Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 24 to the financial statements, subsequent to year-end, the COVID-19 outbreak in the United States has caused economic and other disruptions. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Grand Rapids, Minnesota's 2018 financial statements, and we expressed an unmodified audit opinion on the respective 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 in our report dated June 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of changes in the OPEB liability and related ratios, the schedules of proportionate share of net

pension liability, the schedules of pension contributions, the schedule of changes in the net pension liability and related ratios and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Rapids, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section and other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2020 on our consideration of the City of Grand Rapids, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City of Grand Rapids, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 7 of this report.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$57,827,254 (net position).

The City's total net position increased by \$3,844,113. The governmental activities of the City increased by \$3,924,759. This increase is due to the investment in capital outlay.

The business-type activities decreased by \$80,646 due to an increase in personnel costs for extensive maintenance on retention ponds and drainage ways. Rate adjustments are being recommended for the Storm Water Utility Fund due to increasing maintenance costs.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,730,116. Of this amount, \$7,130,938 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year the general fund balance was \$6,620,809. Of that amount, \$1,236,463 was in a non-spendable form, \$22,535 was restricted, \$817,236 was committed and \$4,544,575 was unassigned.

The City's total debt decreased from \$23,752,590 to \$22,846,906 (excluding compensated absences). The City issued General Obligation Abatement Bonds, Series 2019A for \$1,585,000.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis

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

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

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

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

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

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

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

Management's Discussion and Analysis

For 2019, the City maintained four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General fund
- General Capital Improvement Projects
- Capital Equipment Replacement
- 2019 Infrastructure Bonds

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

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

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

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

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

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

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

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

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

- Lodging Tax
- Cable TV Commission

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

Management's Discussion and Analysis

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 through 95 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, agency funds, and the Economic Development Authority (EDA) component unit is presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 116 through 133 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$57,827,254 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$45,734,303 or 80%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GRAND RAPIDS' NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$22,048,053	\$21,138,840	\$69,757	\$262,633	\$22,117,810	\$21,401,473
Capital assets	63,017,167	60,774,905	2,888,261	2,954,613	65,905,428	63,729,518
Total assets	<u>85,065,220</u>	<u>81,913,745</u>	<u>2,958,018</u>	<u>3,217,246</u>	<u>88,023,238</u>	<u>85,130,991</u>
Total deferred outflows of resources	<u>1,905,158</u>	<u>2,764,794</u>	<u>-</u>	<u>-</u>	<u>1,905,158</u>	<u>2,764,794</u>
Liabilities:						
Long-term liabilities outstanding	24,938,969	25,922,785	35,041	63,901	24,974,010	25,986,686
Other liabilities	3,846,883	3,945,804	109,557	259,279	3,956,440	4,205,083
Total liabilities	<u>28,785,852</u>	<u>29,868,589</u>	<u>144,598</u>	<u>323,180</u>	<u>28,930,450</u>	<u>30,191,769</u>
Total deferred inflows of resources	<u>3,170,692</u>	<u>3,720,875</u>	<u>-</u>	<u>-</u>	<u>3,170,692</u>	<u>3,720,875</u>
Net position:						
Net investment in capital assets	42,846,042	40,214,116	2,888,261	2,954,613	45,734,303	43,168,729
Restricted	10,896,992	10,060,607	-	-	10,896,992	10,060,607
Unrestricted	<u>1,270,800</u>	<u>814,352</u>	<u>(74,841)</u>	<u>(60,547)</u>	<u>1,195,959</u>	<u>753,805</u>
Total net position	<u>\$55,013,834</u>	<u>\$51,089,075</u>	<u>\$2,813,420</u>	<u>\$2,894,066</u>	<u>\$57,827,254</u>	<u>\$53,983,141</u>

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$1,195,959

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

Management's Discussion and Analysis

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

Net position was impacted by \$5,422,122 at December 31, 2019 due to the Public Employees Retirement Association net pension liability. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$1,872,836
Noncurrent assets	-
Deferred inflows of resources	(3,014,855)
Noncurrent liabilities	<u>(4,280,103)</u>
Total	<u>(\$5,422,122)</u>

Governmental Activities

Governmental activities increased the City's net position by \$3,924,759 in 2019. Key elements of this increase are as follows:

- Annual principal payments on bonds were greater than new bond debt issued during the year. Therefore, reduction of debt increased the City's net position.
- Interest and fees on long-term debt decreased by \$8,413 due to primarily reduced interest expense on debt. But this is offset by bond premium amortization and bond issuance costs.
- Operating grants and contributions increased \$657,965 due to one-time pass through grants received in 2019 from the State of Minnesota.
- Capital grants and contributions increased by \$4,291,379 due to the City receiving \$1,400,000 in State Bond proceeds and Federal funding for City Project 2010-5, the Mississippi Pedestrian Bridge. The City also received a one-time grant for a MNDOT Railroad Study for \$940,000. The City received approximately \$3,300,000 from the school district for street infrastructure development.
- Public works expense increased \$2,166,547 due primarily to the expensed portion of infrastructure projects increased from 2018 to 2019 by approximately \$2,000,000.

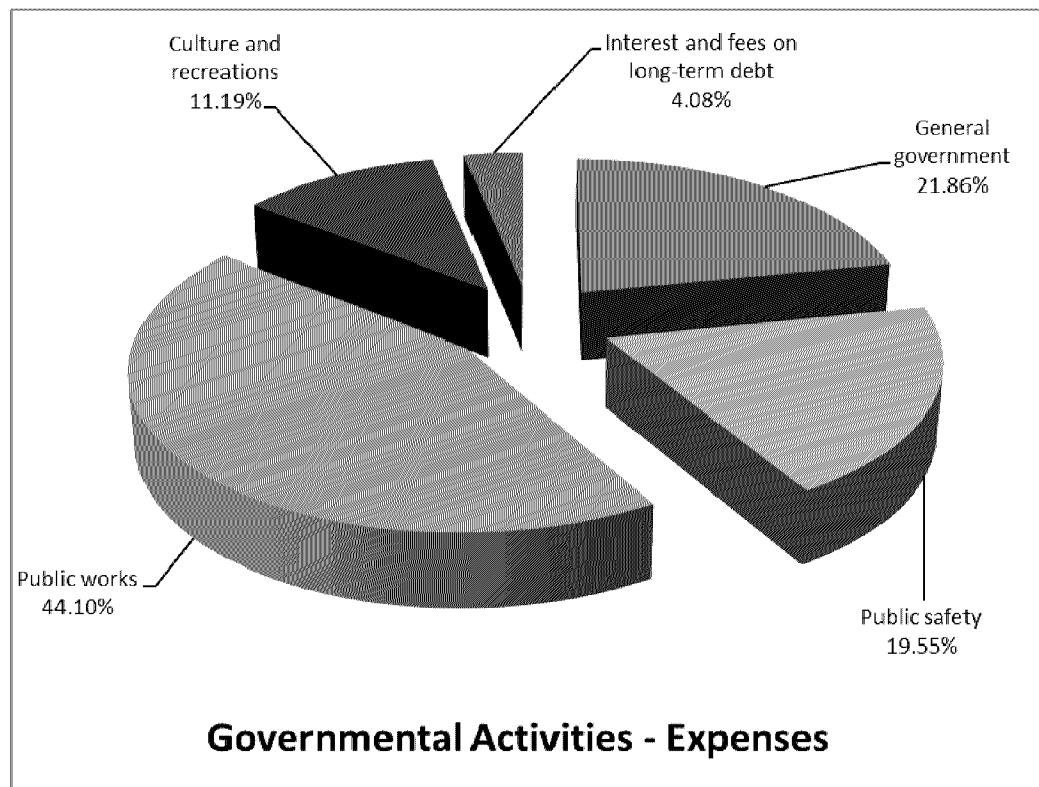
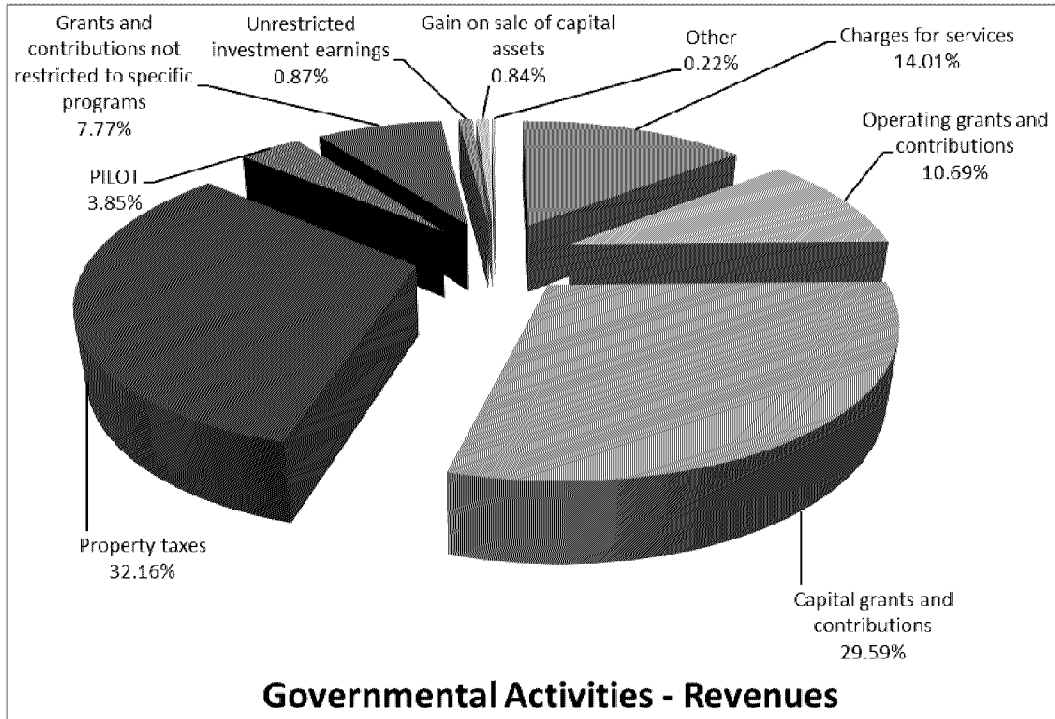
Management's Discussion and Analysis

City of Grand Rapids' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$3,326,775	\$2,928,421	\$1,293,812	\$1,301,479	\$4,620,587	\$4,229,900
Operating grants and contributions	2,536,708	1,878,743	-	-	2,536,708	1,878,743
Capital grants and contributions	7,022,082	2,730,703	-	-	7,022,082	2,730,703
General revenues:						
Taxes	7,629,869	7,354,409	-	-	7,629,869	7,354,409
Payments in lieu of taxes (PILOT)	913,682	915,788	-	-	913,682	915,788
Grants and contributions not restricted to specific programs	1,843,498	1,864,606	-	-	1,843,498	1,864,606
Unrestricted investment earnings	206,030	133,871	3,953	3,322	209,983	137,193
Gain (loss) on sale of capital assets	199,455	21,576	-	895	199,455	22,471
Insurance recoveries	19,127	14,856	-	24,744	19,127	39,600
Other	33,003	-	-	-	33,003	-
Total revenues	<u>23,730,229</u>	<u>17,842,973</u>	<u>1,297,765</u>	<u>1,330,440</u>	<u>25,027,994</u>	<u>19,173,413</u>
Expenses:						
General government	4,330,097	3,027,254	-	-	4,330,097	3,027,254
Public safety	3,872,939	3,551,574	-	-	3,872,939	3,551,574
Public works	8,735,821	6,569,274	-	-	8,735,821	6,569,274
Culture and recreation	2,215,769	2,387,392	-	-	2,215,769	2,387,392
Interest and fees on long-term debt	654,344	662,757	-	-	654,344	662,757
Golf course	-	-	630,928	628,752	630,928	628,752
Storm water utility	-	-	743,983	755,772	743,983	755,772
Total expenses	<u>19,808,970</u>	<u>16,198,251</u>	<u>1,374,911</u>	<u>1,384,524</u>	<u>21,183,881</u>	<u>17,582,775</u>
Change in net position before transfers	3,921,259	1,644,722	(77,146)	(54,084)	3,844,113	1,590,638
Transfers - primary government	3,500	(29,500)	(3,500)	29,500	-	-
Change in net position	3,924,759	1,615,222	(80,646)	(24,584)	3,844,113	1,590,638
Net position - January 1	<u>51,089,075</u>	<u>49,473,853</u>	<u>2,894,066</u>	<u>2,918,650</u>	<u>53,983,141</u>	<u>52,392,503</u>
Net position - December 31	<u>\$55,013,834</u>	<u>\$51,089,075</u>	<u>\$2,813,420</u>	<u>\$2,894,066</u>	<u>\$57,827,254</u>	<u>\$53,983,141</u>

Management's Discussion and Analysis

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



Business-Type Activities

Business-type activities decreased the City's net position by \$80,646 in 2019. The City has two business-type activities – Pokegama Golf Course and a Storm Water Utility Fund. The net position of the Pokegama Golf Course decreased \$32,668 in 2019 compared to an \$14,583 decrease in 2018. The decrease is due to a shortfall in Charges for Services. The Golf Course had a late spring start due to the inclement weather.

The Storm Water Utility Fund is used to pay for storm water maintenance and infrastructure construction. The net position of the Storm Water Utility Fund decreased \$42,966 in 2019 compared to a \$7,190 decrease in 2018. The decrease is due to the change made to the Storm Water Utility credit policy. In 2018, the formula for calculating credits across all properties was modified to make it more equitable. This fund was established in 2004 with storm water utility charges implemented on January 1, 2005. Any funds that are not used for storm water utility maintenance by the Public Works Department are used to reduce storm water infrastructure improvement project costs.

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,730,116. Approximately 8% of this total amount (\$1,316,201) constitutes non-spendable fund balance and approximately 47% (\$7,130,938) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$1,597,652) and assigned (\$1,853,600) by City Council, as well as unassigned fund balance (\$4,007,513). Additional information about the City's fund balance classifications can be found in Note 15.

The general fund balance increased by \$401,796 in 2019, compared to a \$51,558 decrease in 2018. Prior to other financing sources and uses and special items, the General Fund balance increased \$922,047 in 2019 compared to a \$499,174 increase in 2018. Key elements of this increase are as follows:

- Licenses and permits increased \$287,442 due to the construction of two new elementary schools, and one new office building. This also includes a couple of large commercial remodels.
- Charges for services increased \$46,721 primarily due to hiring an additional full-time security officer for Fairview Grand Itasca Hospital and Clinic. Public Works had additional charges for grounds maintenance work on softball fields.
- Miscellaneous expenditures decreased \$230,292 due to a one time grant payment in 2018 for \$300,000 to the Grand Rapids Economic Development Authority.

Management's Discussion and Analysis

The General Capital Improvement Projects fund had a fund balance decrease of \$151,680 due to the construction of the Mississippi River Pedestrian Bridge. The project had unexpected costs due to the high water levels in the river.

The Capital Equipment Replacement fund had a fund balance increase of \$358,396 due to transfers from other funds.

The 2019 Infrastructure Bonds had a fund balance increase of \$875,831 due to bonding for capital improvement projects Great River Acres and joint trail project with the City of Cohasset. Both will be finished in 2020.

The non-major special revenue funds increased by \$41,740 for 2019 due to a decrease in expenditures by \$31,000 for the Public Library and Cemetery.

The non-major debt service funds decreased by \$108,482. The City decertified Tax Increment Financing District #1-9, Majestic Pines and closed and transferred funds from 2009D Equipment Certificates to a major capital projects fund.

The non-major capital project funds decreased by \$1,205,115. This is due to the City Hall and Fire Hall improvements bonded in 2018 not being completed until 2019. The City also closed and transferred one fund into a major capital projects fund.

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

The Golf Course had an operating loss of \$34,358. Operating expenses increased by \$3,003 and operating revenues increased by \$7,023. The operating loss is primarily due to a reduction in green fees due to the inclement weather in the spring.

The Storm Water Utility had an operating loss of \$46,202. Operating expenses decreased by \$7,133 and operating revenues decreased by \$5,619 due to a change in the Storm Water Utility Credit policy. The formula for calculating credits was modified to make it more equitable for property owners within the City.

Management’s Discussion and Analysis

Budgetary Highlights

General Fund. The General Fund had an increase in fund balance of \$401,769. The General Fund revenue was over budget by \$391,308 due to several items. Licenses and Permits was over approximately \$124,000 because of the construction of two new schools. Taxes came in \$75,900 more than budgeted and Investment income was approximately \$42,000 more than budgeted. Charges for services increased by \$46,000 due to the addition of another full-time security officer.

Total expenditures were under budget by \$19,185. General government was \$86,133 below budget due to two full-time positions that were vacant in 2019. Public Works was over budget by \$80,205 due to the full-time and part-time personnel being over budget by \$33,612. Vehicle maintenance and repair was over budget by \$33,000 due to the record snowfall. The Public Safety Department was over budget by \$38,459 due to an increase in personnel over-time. Miscellaneous was under budget by \$44,695 due to the budgeted commitment of fund balance to provide a stable source of revenue for the future.

Capital Asset and Debt Administration

Capital assets. The City’s gross investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$65,905,428. (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment.

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land and land improvements	\$6,783,332	\$6,186,306	\$910,812	\$910,812	\$7,694,144	\$7,097,118
Building and improvements	10,379,186	10,490,479	1,426,120	1,398,753	11,805,306	11,889,232
Vehicles, equipment and furniture	3,667,944	3,965,863	551,329	645,048	4,219,273	4,610,911
Infrastructure	38,030,864	36,150,461	-	-	38,030,864	36,150,461
Construction in progress	4,155,841	3,981,796	-	-	4,155,841	3,981,796
Total	\$63,017,167	\$60,774,905	\$2,888,261	\$2,954,613	\$65,905,428	\$63,729,518

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

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$22,846,906 (excluding compensated absences), a decrease of \$905,684 from 2018. Of the total outstanding amount:

- \$11,280,000 is general obligation improvement debt that is supported in part by special assessments,
- \$680,000 is general obligation tax increment debt which is financed through the City’s economic development program,
- \$10,385,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$501,906 is a combined total of unamortized bond premiums and capital leases.

Management’s Discussion and Analysis

City of Grand Rapids’ Outstanding Debt

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

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation improvement bonds	\$11,280,000	\$13,135,000	\$ -	\$ -	\$11,280,000	\$13,135,000
General obligation tax increment bonds	680,000	705,000	-	-	680,000	705,000
Other general obligation bonds	10,385,000	9,400,000	-	-	10,385,000	9,400,000
Capital leases, loans, bond premium	443,777	427,026	58,129	85,564	501,906	512,590
Total	\$22,788,777	\$23,667,026	\$58,129	\$85,564	\$22,846,906	\$23,752,590

The City issued General Obligation Improvement Abatement Bonds, Series 2019A for \$1,585,000 in 2019.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$24,747,777. Of the City's outstanding debt, \$8,386,527 is counted within the statutory limitation.

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

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

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BASIC FINANCIAL STATEMENTS

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CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF NET POSITION

December 31, 2019

With Comparative Amounts For The Year Ended December 31, 2018

Statement 1

	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Total		Economic Development Authority	Public Utilities Commission
			2019	2018		
Assets:						
Cash and investments	\$15,054,726	\$210,079	\$15,264,805	\$14,922,123	\$748,887	\$5,315,476
Accrued interest receivable	29,971	-	29,971	34,185	-	11,239
Due from other governmental units	921,316	-	921,316	1,492,319	995	-
Due from primary government	-	-	-	-	-	89,482
Due from component units	155,991	58,760	214,751	192,171	-	-
Accounts receivable - net	244,117	10,800	254,917	190,608	66,832	2,363,052
Pledges receivable	92,473	-	92,473	148,242	-	-
Internal balances	217,869	(217,869)	-	-	-	-
Prepaid items	206,020	7,987	214,007	177,336	-	147,116
Property taxes receivable	231,320	-	231,320	178,694	-	-
Special assessments receivable	2,941,569	-	2,941,569	2,681,146	-	-
Inventories - at cost	-	-	-	-	-	658,493
Other receivable	133,555	-	133,555	-	-	-
Land held for resale	193,844	-	193,844	436,000	2,995,877	-
Notes receivable	300,000	-	300,000	-	460,353	-
Restricted cash and investments	-	-	-	-	-	1,804,755
Restricted accounts receivable	-	-	-	-	-	17,240,774
Financial assurance landfill closure	-	-	-	-	-	3,808,578
Net pension asset	1,325,282	-	1,325,282	948,649	-	-
Capital assets - nondepreciable	10,939,173	910,812	11,849,985	11,078,914	-	2,261,874
Capital assets - net of accumulated depreciation	52,077,994	1,977,449	54,055,443	52,650,604	-	61,004,751
Regulatory assets	-	-	-	-	-	117,608
Non-utility property - net of amortization	-	-	-	-	-	699,018
Total assets	85,065,220	2,958,018	88,023,238	85,130,991	4,272,944	95,522,216
Deferred outflows of resources:						
Service territory acquisition	-	-	-	-	-	254,255
Related to pensions	1,893,676	-	1,893,676	2,764,794	-	195,151
Related to OPEB	11,482	-	11,482	-	-	-
Total deferred outflows of resources	1,905,158	0	1,905,158	2,764,794	0	449,406
Liabilities:						
Accounts payable	475,446	18,030	493,476	661,485	24,067	1,179,135
Accrued wages payable	290,438	17,334	307,772	282,520	-	145,677
Due to other governmental units	28,186	2,469	30,655	32,812	120,730	63,383
Due to component units	77,705	11,081	88,786	99,847	-	-
Contracts payable	80,340	-	80,340	98,438	-	-
Deposits payable	22,015	22,200	44,215	28,127	1,518	403,970
Due to primary government	-	-	-	-	-	152,759
Accrued interest payable	257,435	897	258,332	259,494	-	217,937
Unearned revenue	42,615	6,762	49,377	172,101	-	109,827
Compensated absences:						
Due within one year	49,059	2,276	51,335	49,160	-	171,786
Due in more than one year	365,509	5,420	370,929	367,425	-	152,200
Net pension liability:						
Due in more than one year	4,280,103	-	4,280,103	4,331,194	-	2,045,647
Landfill closure costs:						
Due in more than one year	-	-	-	-	-	3,808,578
Noncurrent liabilities:						
Due within one year	2,523,644	28,508	2,552,152	2,521,099	26,363	2,295,747
Due in more than one year	20,265,137	29,621	20,294,758	21,231,491	1,507,890	18,163,731
Other post employment benefits:						
Due in more than one year	28,220	-	28,220	56,576	-	-
Total liabilities	28,785,852	144,598	28,930,450	30,191,769	1,680,568	28,910,377
Deferred inflows of resources:						
Demand payment deferral	-	-	-	-	-	16,532,464
Related to pensions	3,157,854	-	3,157,854	3,720,875	-	531,510
Related to other post employment benefits	12,838	-	12,838	-	-	-
Other deferred credits	-	-	-	-	-	41,046
Total deferred inflows of resources	3,170,692	0	3,170,692	3,720,875	0	17,105,020
Net position:						
Net investment in capital assets	42,846,042	2,888,261	45,734,303	43,168,729	-	43,027,147
Restricted for:						
Debt service	9,507,326	-	9,507,326	8,778,080	-	-
Itasca County share of airport	86,549	-	86,549	82,723	-	-
Pensions	1,203,123	-	1,203,123	1,103,420	-	-
Other purposes	99,994	-	99,994	96,384	-	1,252,688
Unrestricted	1,270,800	(74,841)	1,195,959	753,805	2,592,376	5,676,390
Total net position	\$55,013,834	\$2,813,420	\$57,827,254	\$53,983,141	\$2,592,376	\$49,956,225

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2019

With Comparative Amounts For The Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$4,330,097	\$1,126,227	\$107,192	\$27,640
Public safety	3,872,939	717,861	567,979	107,504
Public works	8,735,821	469,189	1,607,769	6,864,185
Culture and recreation	2,215,769	1,013,498	219,058	22,753
Interest and fees on long-term debt	654,344	-	34,710	-
Total governmental activities	<u>19,808,970</u>	<u>3,326,775</u>	<u>2,536,708</u>	<u>7,022,082</u>
Business-type activities:				
Golf course	630,928	597,184	-	-
Storm water utility	743,983	696,628	-	-
Total business-type activities	<u>1,374,911</u>	<u>1,293,812</u>	<u>0</u>	<u>0</u>
Total primary government	<u>\$21,183,881</u>	<u>\$4,620,587</u>	<u>\$2,536,708</u>	<u>\$7,022,082</u>
Component units:				
Economic Development Authority	\$392,908	\$39,009	\$310,307	\$ -
Public Utilities Commission	24,572,313	22,590,946	-	3,972,727
Total component units	<u>\$24,965,221</u>	<u>\$22,629,955</u>	<u>\$310,307</u>	<u>\$3,972,727</u>
General revenues:				
General property taxes				
Payments in lieu of taxes (PILOT)				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Insurance recoveries				
Proceeds from land sales				
Other				
Transfers				
Total general revenues, special items and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

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

Net (Expense) Revenue and Changes in Net Position				Component Units	
Primary Government				Economic	Public
Governmental	Business-Type	Total	Total	Development	Utilities
Activities	Activities	2019	2018	Authority	Commission
(\$3,069,038)	\$ -	(\$3,069,038)	(\$2,540,519)	\$ -	\$ -
(2,479,595)	-	(2,479,595)	(2,397,052)	-	-
205,322	-	205,322	(2,209,192)	-	-
(960,460)	-	(960,460)	(892,415)	-	-
(619,634)	-	(619,634)	(621,206)	-	-
<u>(6,923,405)</u>	<u>0</u>	<u>(6,923,405)</u>	<u>(8,660,384)</u>	<u>0</u>	<u>0</u>
-	(33,744)	(33,744)	(46,024)	-	-
-	(47,355)	(47,355)	(37,021)	-	-
<u>0</u>	<u>(81,099)</u>	<u>(81,099)</u>	<u>(83,045)</u>	<u>0</u>	<u>0</u>
<u>(6,923,405)</u>	<u>(81,099)</u>	<u>(7,004,504)</u>	<u>(8,743,429)</u>	<u>0</u>	<u>0</u>
				(43,592)	-
				-	1,991,360
				<u>(43,592)</u>	<u>1,991,360</u>
7,629,869	-	7,629,869	7,354,409	55,754	-
913,682	-	913,682	915,788	-	-
1,843,498	-	1,843,498	1,864,606	2,906	-
206,030	3,953	209,983	137,193	11,034	50,825
199,455	-	199,455	22,471	-	-
19,127	-	19,127	39,600	-	-
-	-	-	-	45,000	-
33,003	-	33,003	-	-	-
3,500	(3,500)	-	-	-	-
<u>10,848,164</u>	<u>453</u>	<u>10,848,617</u>	<u>10,334,067</u>	<u>114,694</u>	<u>50,825</u>
3,924,759	(80,646)	3,844,113	1,590,638	71,102	2,042,185
<u>51,089,075</u>	<u>2,894,066</u>	<u>53,983,141</u>	<u>52,392,503</u>	<u>2,521,274</u>	<u>47,914,040</u>
<u>\$55,013,834</u>	<u>\$2,813,420</u>	<u>\$57,827,254</u>	<u>\$53,983,141</u>	<u>\$2,592,376</u>	<u>\$49,956,225</u>

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

	101 General	401 General	407 Capital	480 2019	Other	Total Governmental Funds	
	Fund	Improvement	Equipment	Infrastructure	Governmental	2019	2018
		Projects	Replacement	Bonds	Funds		
Assets							
Cash and investments	\$4,936,769	\$19,725	\$881,161	\$634,355	\$8,582,716	\$15,054,726	\$14,576,478
Accrued interest receivable	29,971	-	-	-	-	29,971	34,185
Due from other governmental units	352,154	139,155	-	174,206	240,557	906,072	1,473,938
Due from other funds	497,959	-	-	-	-	497,959	943,355
Due from component units	8,983	-	-	-	147,008	155,991	134,315
Accounts receivable	106,630	279	-	-	137,208	244,117	172,873
Pledges receivable	-	-	-	-	92,473	92,473	148,242
Interfund loan receivable	1,110,181	-	-	-	-	1,110,181	1,210,064
Land held for resale	193,844	-	-	-	-	193,844	436,000
Prepaid items	126,282	-	44,044	-	35,694	206,020	169,553
Taxes receivable - delinquent	204,395	-	-	-	26,925	231,320	178,694
Special assessments receivable	97,850	-	-	-	2,893,719	2,991,569	2,731,146
Note receivable	300,000	-	-	-	-	300,000	-
Total assets	\$7,965,018	\$159,159	\$925,205	\$808,561	\$12,156,300	\$22,014,243	\$22,208,843
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable	\$199,573	\$58,800	\$1,756	\$1,124	\$214,193	\$475,446	\$513,325
Accrued wages payable	236,628	-	-	-	53,810	290,438	270,113
Due to other governmental units	22,141	-	-	-	6,045	28,186	27,619
Due to component units	53,063	-	-	-	24,642	77,705	77,185
Contracts payable	-	-	-	80,340	-	80,340	98,438
Due to other funds	-	-	-	-	497,797	497,797	939,855
Deposits payable	9,028	-	-	-	12,987	22,015	17,127
Interfund loan payable	-	-	879,710	-	80,669	960,379	1,110,071
Unearned revenue	27,687	-	-	-	14,928	42,615	143,398
Total liabilities	548,120	58,800	881,466	81,464	905,071	2,474,921	3,197,131
Deferred inflows of resources:							
Unavailable revenue	796,089	-	-	-	3,013,117	3,809,206	3,494,082
Total deferred inflows of resources	796,089	0	0	0	3,013,117	3,809,206	3,494,082
Fund balances:							
Nonspendable	1,236,463	-	44,044	-	35,694	1,316,201	1,184,451
Restricted	22,535	-	-	-	7,108,403	7,130,938	7,231,984
Committed	817,236	-	-	-	780,416	1,597,652	1,450,272
Assigned	-	100,359	-	727,097	850,356	1,677,812	2,110,453
Unassigned	4,544,575	-	(305)	-	(536,757)	4,007,513	3,540,470
Total fund balances	6,620,809	100,359	43,739	727,097	8,238,112	15,730,116	15,517,630
Total liabilities, deferred inflows of resources, and fund balances	\$7,965,018	\$159,159	\$925,205	\$808,561	\$12,156,300	\$22,014,243	\$22,208,843
Fund balance reported above						\$15,730,116	\$15,517,630
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.						63,017,167	60,774,905
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:							
Delinquent taxes						231,320	178,694
Assessments not yet due or delinquent						2,941,569	2,681,146
Pledges not yet due						92,473	148,242
Due from other governmental units						15,244	18,381
Land held for resale						193,844	436,000
Other receivable not yet due						133,555	-
Notes receivable not yet due						300,000	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:							
Bonds payable and unamortized bond premium						(22,775,137)	(23,639,734)
Capital lease and loans payable						(13,644)	(27,292)
Accrued interest payable						(257,435)	(257,753)
Compensated absences payable						(414,568)	(408,835)
Other post employment benefits						(29,576)	(56,576)
An internal service fund is used by management to charge the costs of pension and other post employment benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position.						(5,354,217)	(5,379,153)
Amounts pertaining to the Grand Rapids Fire Relief Association Pension Plan are not current financial resources, and, therefore, are not reported in the governmental funds:							
Net pension asset						1,325,282	948,649
Deferred outflows of resources						20,840	204,144
Deferred inflows of resources						(142,999)	(49,373)
Net position of governmental activities						\$55,013,834	\$51,089,075

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Statement 4

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2019

With Comparative Totals For The Year Ended December 31, 2018

	101 General Fund	401 General Capital Improvement Projects	407 Capital Equipment Replacement	480 2019 Infrastructure Bonds	Other Governmental Funds	Totals Governmental Funds	
						2019	2018
Revenues:							
Taxes:							
General property	\$4,642,474	\$ -	\$204,431	\$ -	\$2,409,508	\$7,256,413	\$6,875,764
Tax abatements	-	-	-	-	64,154	64,154	63,560
Tax increments	-	-	-	-	256,676	256,676	362,771
Payments in lieu of taxes (PILOT)	913,682	-	-	-	-	913,682	915,788
Licenses and permits	499,947	-	-	-	-	499,947	212,505
Intergovernmental	2,377,208	2,356,706	118,159	3,920,877	1,725,103	10,498,053	5,860,934
Special assessments	13,622	-	-	-	501,355	514,977	762,813
Charges for services	999,937	-	-	-	1,163,259	2,163,196	2,089,178
Fines and forfeits	57,981	-	-	-	54,572	112,553	114,828
Investment income	80,846	1,745	13,565	-	109,874	206,030	133,871
Contributions and donations	22,225	27,640	-	-	112,734	162,599	195,393
Reimbursement from component unit	-	-	-	-	84,020	84,020	495,419
Other	25,660	24,552	-	7,349	8,093	65,654	21,585
Total revenues	9,633,582	2,410,643	336,155	3,928,226	6,489,348	22,797,954	18,104,409
Expenditures:							
Current:							
General government	2,173,634	1,127,301	4,867	-	219,346	3,525,148	2,426,762
Public safety	3,656,767	-	-	-	141,837	3,798,604	3,608,088
Public works	2,401,052	-	-	-	463,383	2,864,435	2,795,132
Culture and recreation	80,472	-	-	-	1,788,941	1,869,413	2,015,958
Miscellaneous	332,564	-	-	-	-	332,564	562,856
Capital outlay/construction	67,046	1,604,105	224,322	4,606,555	2,311,563	8,813,591	4,546,229
Decertify TIF districts	-	-	-	-	95,693	95,693	-
Debt service:							
Principal retirement	-	-	-	-	2,480,000	2,480,000	5,420,000
Interest	-	-	-	-	629,512	629,512	669,089
Paying agent fees	-	-	-	-	6,350	6,350	6,250
Bond issuance costs	-	-	-	50,948	-	50,948	60,199
Total expenditures	8,711,535	2,731,406	229,189	4,657,503	8,136,625	24,466,258	22,110,563
Revenues over (under) expenditures	922,047	(320,763)	106,966	(729,277)	(1,647,277)	(1,668,304)	(4,006,154)
Other financing sources (uses):							
Bond issuance	-	-	-	1,585,000	-	1,585,000	1,960,000
Bond premium	-	-	-	62,547	-	62,547	13,026
Sale of capital assets	10,767	-	5,490	-	194,359	210,616	47,887
Insurance recoveries	16,883	-	-	-	2,244	19,127	27,218
Transfers in	5,885	169,083	373,046	-	434,056	982,070	2,096,040
Transfers out	(553,786)	-	(127,106)	(42,439)	(255,239)	(978,570)	(2,125,540)
Total other financing sources (uses)	(520,251)	169,083	251,430	1,605,108	375,420	1,880,790	2,018,631
Net change in fund balance	401,796	(151,680)	358,396	875,831	(1,271,857)	212,486	(1,987,523)
Fund balance - January 1	6,219,013	252,039	(314,657)	(148,734)	9,509,969	15,517,630	17,505,153
Fund balance - December 31	\$6,620,809	\$100,359	\$43,739	\$727,097	\$8,238,112	\$15,730,116	\$15,517,630

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

CITY OF GRAND RAPIDS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2019
With Comparative Amounts For The Year Ended December 31, 2018

Statement 5

	<u>2019</u>	<u>2018</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$212,486	(\$1,987,523)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation	(3,539,122)	(3,527,231)
Capital outlay	8,813,591	4,546,229
Capital outlay not capitalized	(3,005,691)	(994,233)
In the statement of activities only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	(26,516)	(91,533)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes	52,626	52,314
Change in deferred and delinquent special assessments	260,423	(301,256)
Change in pledges receivable	(55,769)	(75,193)
Change in notes receivable	300,000	-
Change in land held for resale	(242,156)	-
Change in other receivable	133,555	-
The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of these differences are:		
Proceeds from the issuance of bonds	(1,585,000)	(1,960,000)
Principal payments on bonds, capital leases and loans payable	2,493,644	5,433,644
Current year bond premium and amortization of bond premium	(30,399)	36,407
Change in due from other governmental units accrual related to a federal credit on BAB bonds	(3,137)	(2,887)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in compensated absences payable	(5,733)	15,233
Change in other post employment benefits	27,000	272,407
Change in accrued interest payable	318	23,348
Governmental funds report Fire Department pension contributions as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense differed from pension contributions.		
Pension expense	99,703	64,943
An internal service fund is used by management to charge pension costs to individual funds. This amount is the portion of net revenue attributable to governmental activities.	24,936	110,553
Change in net position of governmental activities (Statement 2)	<u>\$3,924,759</u>	<u>\$1,615,222</u>

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2019

With Comparative Totals For Enterprise Funds For December 31, 2018

Statement 6

	Business-Type Activities - Enterprise Funds				Governmental
	613 Pokegama	655 Storm Water	Totals		Activities
	Golf Course	Utility	2019	2018	Internal Service
Assets:					2019
Current assets:					
Cash and cash equivalents	\$153,173	\$56,906	\$210,079	\$345,645	\$ -
Due from component units	-	58,760	58,760	57,856	-
Accounts receivable	2,778	8,022	10,800	17,735	-
Prepaid items	6,537	1,450	7,987	7,783	-
Total current assets	<u>162,488</u>	<u>125,138</u>	<u>287,626</u>	<u>429,019</u>	<u>0</u>
Noncurrent assets:					
Capital assets:					
Land and land improvements	871,481	39,331	910,812	910,812	-
Buildings and structures	2,380,914	-	2,380,914	2,290,486	-
Machinery, equipment and furniture	895,308	488,036	1,383,344	1,370,653	-
Total capital assets	<u>4,147,703</u>	<u>527,367</u>	<u>4,675,070</u>	<u>4,571,951</u>	<u>0</u>
Less: Allowance for depreciation	<u>(1,605,980)</u>	<u>(180,829)</u>	<u>(1,786,809)</u>	<u>(1,617,338)</u>	<u>-</u>
Net capital assets	<u>2,541,723</u>	<u>346,538</u>	<u>2,888,261</u>	<u>2,954,613</u>	<u>0</u>
Total noncurrent assets	<u>2,541,723</u>	<u>346,538</u>	<u>2,888,261</u>	<u>2,954,613</u>	<u>0</u>
Total assets	<u>2,704,211</u>	<u>471,676</u>	<u>3,175,887</u>	<u>3,383,632</u>	<u>0</u>
Deferred outflows of resources - pension related	-	-	-	-	1,872,836
Liabilities:					
Current liabilities:					
Accounts payable	4,863	13,167	18,030	148,160	-
Accrued wages payable	3,876	13,458	17,334	12,407	-
Due to other governmental units	2,019	450	2,469	5,193	-
Due to component units	1,212	9,869	11,081	22,662	-
Due to other funds	162	-	162	3,500	-
Accrued interest payable	897	-	897	1,741	-
Deposits payable	-	22,200	22,200	11,000	-
Interfund loan payable	149,802	-	149,802	99,993	-
Compensated absences payable - current	-	2,276	2,276	1,978	-
Capital lease payable - current	28,508	-	28,508	27,435	-
Unearned revenue	6,762	-	6,762	28,703	-
Total current liabilities	<u>198,101</u>	<u>61,420</u>	<u>259,521</u>	<u>362,772</u>	<u>0</u>
Noncurrent liabilities:					
Compensated absences payable	-	5,420	5,420	5,772	-
Capital lease payable	29,621	-	29,621	58,129	-
Other post employment benefits	-	-	-	-	-
Net pension liability	-	-	-	-	4,280,103
Total noncurrent liabilities	<u>29,621</u>	<u>5,420</u>	<u>35,041</u>	<u>63,901</u>	<u>4,280,103</u>
Total liabilities	<u>227,722</u>	<u>66,840</u>	<u>294,562</u>	<u>426,673</u>	<u>4,280,103</u>
Deferred inflows of resources - pension related	-	-	-	-	3,014,855
Net position:					
Investment in capital assets	2,541,723	346,538	2,888,261	2,954,613	-
Unrestricted	<u>(65,234)</u>	<u>58,298</u>	<u>(6,936)</u>	<u>2,346</u>	<u>(5,422,122)</u>
Total net position	<u>\$2,476,489</u>	<u>\$404,836</u>	<u>\$2,881,325</u>	<u>\$2,956,959</u>	<u>(\$5,422,122)</u>
Net position reported above			\$2,881,325	\$2,956,959	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.			<u>(67,905)</u>	<u>(62,893)</u>	
Net position of business-type activities			<u>\$2,813,420</u>	<u>\$2,894,066</u>	

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Statement 7

For The Year Ended December 31, 2019

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2019	2018	2019
Operating revenues:					
Season passes	\$158,998	\$ -	\$158,998	\$164,017	\$ -
Green fees	249,482	-	249,482	237,614	-
Special play	13,058	-	13,058	10,683	-
Rentals and leases	168,213	-	168,213	170,414	-
Charges for service	-	694,278	694,278	699,897	524,150
Total operating revenues	<u>589,751</u>	<u>694,278</u>	<u>1,284,029</u>	<u>1,282,625</u>	<u>524,150</u>
Operating expenses:					
Personnel services	264,358	381,900	646,258	591,975	529,368
Materials and supplies	55,967	59,004	114,971	88,702	-
Other services and charges	198,190	235,698	433,888	501,877	-
Depreciation	105,594	63,878	169,472	186,165	-
Total operating expenses	<u>624,109</u>	<u>740,480</u>	<u>1,364,589</u>	<u>1,368,719</u>	<u>529,368</u>
Operating income (loss)	<u>(34,358)</u>	<u>(46,202)</u>	<u>(80,560)</u>	<u>(86,094)</u>	<u>(5,218)</u>
Nonoperating revenues (expenses):					
Intergovernmental revenue	-	-	-	11,433	25,142
Investment income	2,740	1,213	3,953	3,322	-
Interest expense	(4,983)	(327)	(5,310)	(6,685)	-
Insurance recoveries	-	-	-	24,744	-
Miscellaneous revenue	7,433	2,350	9,783	7,421	-
Gain (loss) on sale of capital assets	-	-	-	(5,414)	-
Total nonoperating revenues (expenses)	<u>5,190</u>	<u>3,236</u>	<u>8,426</u>	<u>34,821</u>	<u>25,142</u>
Income before contributions and transfers	<u>(29,168)</u>	<u>(42,966)</u>	<u>(72,134)</u>	<u>(51,273)</u>	<u>19,924</u>
Transfers in	-	-	-	33,000	-
Transfers out	<u>(3,500)</u>	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Total transfers and contributions	<u>(3,500)</u>	<u>0</u>	<u>(3,500)</u>	<u>29,500</u>	<u>0</u>
Change in net position	<u>(32,668)</u>	<u>(42,966)</u>	<u>(75,634)</u>	<u>(21,773)</u>	<u>19,924</u>
Net position - January 1	<u>2,509,157</u>	<u>447,802</u>	<u>2,956,959</u>	<u>2,978,732</u>	<u>(5,442,046)</u>
Net position - December 31	<u>\$2,476,489</u>	<u>\$404,836</u>	<u>\$2,881,325</u>	<u>\$2,956,959</u>	<u>(\$5,422,122)</u>
Changes in net position reported above			<u>(75,634)</u>	<u>(21,773)</u>	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.			<u>(5,012)</u>	<u>(2,811)</u>	
Change in net position of business-type activities (Statement 2)			<u>(\$80,646)</u>	<u>(\$24,584)</u>	

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2019

With Comparative Totals For The Year Ended December 31, 2018

Statement 8

	Business-Type Activities - Enterprise Funds				Governmental
	613 Pokegama	655 Storm	Totals		Activities
	Golf Course	Water Utility	2019	2018	Internal Service
					2019
Cash flows from operating activities:					
Receipts from customers and users	\$586,366	\$691,536	\$1,277,902	\$1,292,060	\$ -
Receipts from interfund charges for pension benefits	-	-	-	-	524,150
Payment to suppliers	(259,633)	(426,003)	(685,636)	(446,542)	(524,150)
Payment to employees	(266,011)	(375,374)	(641,385)	(601,396)	-
Net cash flows provided by operating activities	60,722	(109,841)	(49,119)	244,122	0
Cash flows from noncapital financing activities:					
Interfund borrowing cash payments	49,809	-	49,809	(13,725)	-
Interest on interfund borrowing	(4,586)	(1,569)	(6,155)	(5,513)	-
Intergovernmental revenue	-	-	-	11,433	-
Insurance recoveries	-	-	-	24,744	-
Transfers in	-	-	-	33,000	-
Transfers out	(3,500)	-	(3,500)	(3,500)	-
Net cash flows provided by (used in) noncapital financing activities	41,723	(1,569)	40,154	46,439	0
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(103,119)	-	(103,119)	(242,950)	-
Proceeds from sale of capital assets	-	-	-	896	-
Principal payment on capital lease	(27,435)	-	(27,435)	(26,404)	-
Net cash flows (used in) capital and related financing activities	(130,554)	0	(130,554)	(268,458)	0
Cash flows from investing activities:					
Investment income	2,740	1,213	3,953	3,322	-
Net increase in cash and cash equivalents	(25,369)	(110,197)	(135,566)	25,425	0
Cash and cash equivalents - January 1	178,542	167,103	345,645	320,220	-
Cash and cash equivalents - December 31	\$153,173	\$56,906	\$210,079	\$345,645	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(\$34,358)	(\$46,202)	(\$80,560)	(\$86,094)	(\$5,218)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	105,594	63,878	169,472	186,165	-
Miscellaneous revenue	7,433	2,350	9,783	7,421	-
Intergovernmental revenue	-	-	-	-	25,142
Changes in assets and liabilities:					
Decrease (increase) in receivables	11,123	(5,092)	6,031	(15,101)	-
Decrease (increase) in prepaid items	(206)	2	(204)	(395)	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	687,814
Increase (decrease) in unearned revenue	(21,941)	-	(21,941)	17,115	-
Increase (decrease) in payables	(6,923)	(124,777)	(131,700)	135,011	(51,091)
Increase (decrease) in deferred inflows of resources	-	-	-	-	(656,647)
Total adjustments	95,080	(63,639)	31,441	330,216	5,218
Net cash provided by operating activities	\$60,722	(\$109,841)	(\$49,119)	\$244,122	\$0
Noncash capital and related financing activities:					
None					

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
 December 31, 2019
 With Comparative Totals For December 31, 2018

Statement 9

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$151,411	\$161,754
Receivables:		
Accounts	-	-
Total assets	<u>151,411</u>	<u>161,754</u>
Liabilities:		
Accounts payable	151,411	161,754
Due to other governments	-	-
Total liabilities	<u>151,411</u>	<u>161,754</u>
Net position:		
Restricted	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 December 31, 2019
 With Comparative Totals For The Year Ended December 31, 2018

Statement 10

	<u>2019</u>	<u>2018</u>
Additions:		
Lodging tax collections	\$339,818	\$325,957
Cable franchise fee collections	280,069	235,098
Total additions	<u>619,887</u>	<u>561,055</u>
Deductions:		
Payments to other entities	594,732	536,009
Administrative fees	25,155	25,046
Total deductions	<u>619,887</u>	<u>561,055</u>
Net increase (decrease) in fiduciary net position	-	-
Net position - beginning	<u>-</u>	<u>-</u>
Net position - ending	<u>\$ -</u>	<u>\$ -</u>

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

COMPONENT UNITS

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

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

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

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

RELATED ORGANIZATION

The Housing and Redevelopment Authority (HRA) of Grand Rapids, Minnesota is accountable to the City of Grand Rapids, Minnesota because the City Council appoints the voting majority of the HRA's Board. However, the HRA is not considered a component unit of the City and is accordingly excluded from these financial statements because the City does not have the ability to impose its will on the HRA, nor is there a specific financial benefit/burden relationship.

JOINT POWERS COOPERATIVE AGREEMENT

The Airport Advisory Board was established in 2011 for the purpose of making recommendations to the City relative to long-term airport maintenance, management and operations. The Board consists of three members appointed by the City and three members appointed by Itasca County. The Board acts

solely in an advisory capacity to the City, has no formal powers, and cannot levy taxes, borrow money, approve any claims, or incur any debt or obligations for expenditures.

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

Based on the terms of the agreement, the Airport Advisory Board does not possess corporate powers (i.e. does not have the right to buy, sell, lease and mortgage property in its own name). Therefore, the two funds of the airport are reported as funds of the City.

The City Council abolished the Airport Advisory Board on March 26, 2018. The City continues to be responsible for managing and maintenance of the Airport with County financial support.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *General Capital Improvement Replacement* accounts for the accumulation of resources for capital improvement replacement.

The *Capital Equipment Replacement Fund* accounts for the accumulation of resources for capital equipment replacement.

The *2019 Infrastructure Bonds Fund* accounts for Projects funded by the 2019A Improvement Bonds.

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

Fiduciary Funds – Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City's Custodial Funds account for the lodging tax and the Cable T.V. Commission. The funds are custodial in nature and do not involve measurement of results of operation.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. BUDGETARY INFORMATION

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

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

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

1. The City Administrator submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. These budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a fund basis.
4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Management can amend budgets within each department.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

bid award of the improvement. The appropriations are not reflected in the financial statements.

8. Expenditures may not legally exceed budgeted appropriations at the total department level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel; material and supplies; other services and charges; capital outlay) within each activity.
9. The City Council may authorize transfer of budgeted amounts between City funds.

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

	Final Budget	Actual	Amount Over Budget
Nonmajor Funds:			
Public Library	\$909,622	\$910,325	\$703
Central School	104,320	108,068	3,748
Airport	223,088	257,276	34,188
IRA Civic Center	733,672	752,645	18,973
Haz-Mat	60,000	73,497	13,497
Police Forfeiture	5,500	6,275	775

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

E. CASH AND INVESTMENTS

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

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

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

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

F. INVESTMENT INCOME

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

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

I. INVENTORIES

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

J. PREPAID ITEMS

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

K. LAND HELD FOR RESALE

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

L. CAPITAL ASSETS

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2019, no interest was capitalized in connection with construction in progress.

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

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

M. INTERFUND TRANSACTIONS AND BALANCES

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

Short-term receivables and payables between funds are classified as “due from other funds” or “due to other funds” on the balance sheet. Such items, which are expected to be eliminated in 2020, represent temporary balances due to interfund billings or reclassifications of funds with internally reported negative cash balances.

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

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

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

N. COMPENSATED ABSENCES

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

O. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are being amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

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

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

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

Q. TRANSACTIONS BETWEEN THE CITY AND ITS COMPONENT UNITS

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

Significant transactions between the City and its component units during 2019 are described in Notes 19 and 20.

R. USE OF ESTIMATES

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

S. UTILITY REVENUE RECOGNITION

Billings are rendered and recorded monthly based on metered usage.

T. RECLASSIFICATIONS

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

U. COMPARATIVE TOTALS

The basic fund financial statements and combining and individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

V. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two

items that qualify for reporting in this category. They are the pension and other post employment benefits related deferred outflows of resources reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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

W. PENSION PLANS

COST SHARING MULTIPLE – EMPLOYER PLANS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SINGLE EMPLOYER PLAN

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

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

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

CITY OF GRAND RAPIDS, MINNESOTA
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Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

At December 31, 2019 the carrying amount of the City's deposits with financial institutions was \$9,392,993.

Custodial credit risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2019, the bank balance of the City's deposits was \$9,365,115 all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.

CITY OF GRAND RAPIDS, MINNESOTA
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- d) Bankers acceptance of United States banks.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

As of December 31, 2019, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
US Treasury Notes	Aaa	\$450,586	\$450,586	\$ -	\$ -
Brokered CD's	NR	6,315,000	1,069,000	5,246,000	-
Other	NR	43	43	-	-
Total		<u>\$6,765,629</u>	<u>\$1,519,629</u>	<u>\$5,246,000</u>	<u>\$ -</u>
NR - Not Rated			Total investments		\$6,765,629
			Deposits		9,392,993
			Petty cash		6,481
			Total cash and investments		<u>\$16,165,103</u>

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

The City has the following recurring fair value measurements as of December 31, 2019:

Investment Type	12/31/2019	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
US Treasury Notes	\$450,586	\$450,586	\$ -	\$ -
Brokered CD's	6,315,000	-	6,315,000	-
Other	43	-	43	-
Total	<u>\$6,765,629</u>	<u>\$450,586</u>	<u>\$6,315,043</u>	<u>\$ -</u>

CITY OF GRAND RAPIDS, MINNESOTA
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Following is a reconciliation of the City’s cash and investment balances as of December 31, 2019:

Cash and investments - primary government:	
Governmental and business-type (Statement 1)	\$15,264,805
Fiduciary (Statement 9)	151,411
Cash and investments - EDA (Statement 1)	<u>748,887</u>
	<u>\$16,165,103</u>

C. INVESTMENT RISKS

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

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

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

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

Investment balances at December 31, 2019 for the Public Utilities Commission are as follows:

Demand deposits and cash on hand	\$5,001,231
Certificates of deposits - negotiable	<u>2,119,000</u>
Total cash and investments	7,120,231
Less restricted amounts	<u>(1,804,755)</u>
Total cash and investments - unrestricted	<u>\$5,315,476</u>

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2019 are as follows:

	Primary Government				
	Major Funds				
	General	Storm Water Utility	Nonmajor Funds	Total	EDA
Special assessments receivable	\$41,908	\$1,342	\$1,499,304	\$1,542,554	\$ -
Property taxes receivable	74,438	-	9,889	84,327	-
Interfund loan receivable	895,346	-	-	895,346	-
Pledges Receivable	-	-	92,473	92,473	-
Notes receivable	300,000	-	-	300,000	341,565
	<u>\$1,311,692</u>	<u>\$1,342</u>	<u>\$1,601,666</u>	<u>\$2,914,700</u>	<u>\$341,565</u>

PLEDGES RECEIVABLE

The City completed construction on a multi-use pavilion addition to the IRA Civic Arena in 2018. A portion of the funding was a capital drive, which began in 2016. As shown above, as of December 31, 2019, outstanding pledges receivable were \$92,473.

NOTES RECEIVABLE

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

Note 4 UNAVAILABLE REVENUES

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

	Property Taxes	Special Assessments	Land Held for Resale	Notes Receivable	Other Receivables	Total
Primary government:						
Major funds:						
General Fund	\$204,395	\$97,850	\$193,844	\$300,000	\$ -	\$796,089
Nonmajor Funds	26,925	2,893,719	-	-	92,473	3,013,117
Total primary government	<u>231,320</u>	<u>2,991,569</u>	<u>193,844</u>	<u>300,000</u>	<u>92,473</u>	<u>3,809,206</u>
EDA (discretely presented component unit)	-	-	2,995,877	460,353	-	3,456,230
Total unavailable revenue	<u>\$231,320</u>	<u>\$2,991,569</u>	<u>\$3,189,721</u>	<u>\$760,353</u>	<u>\$92,473</u>	<u>\$7,265,436</u>

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

The City has approved four interfund loans. One loan was made to the Pokegama Golf Course for the Pokegama Golf and Park Place Project and the Pokegama Golf Course Irrigation Control Project. Loans were also made to the IRA Civic Center Fund and the Capital Equipment Replacement Fund as financing to those funds for capital expenditures. A summary at December 31, 2019 is as follows:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Major funds:		
General Fund	\$1,110,181	\$ -
Capital Equipment Replacement	-	879,710
Pokegama Golf Course	-	149,802
Nonmajor funds:		
Special revenue funds:		
IRA Civic Center	-	80,669
Total	<u>\$1,110,181</u>	<u>\$1,110,181</u>

Amounts reported as due to/from other funds at December 31, 2019 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$497,959	\$ -
Pokegama Golf Course	-	162
Nonmajor Funds:		
Special Revenue Funds:		
Haz-Mat	-	13,652
Public Library	-	35
IRA Civic Center	-	78,070
Capital Project Funds:		
Airport Capital Fund	-	59,512
IRA Civic Center Projects	-	102,910
2020 Infrastructure Bonds	-	232,277
2021 Infrastructure Bonds	-	11,341
Total	<u>\$497,959</u>	<u>\$497,959</u>

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Amounts reported as interfund transfers at December 31, 2019 are as follows:

	Transfers In				Total
	General Fund	General Capital Improvement Projects	Capital Equipment Replacement Fund	Nonmajor Governmental Funds	
Transfers out:					
General Fund	\$ -	\$10,579	\$301,750	\$241,457	\$553,786
Capital Equipment Replacement Fund	-	2,852	-	124,254	127,106
2019 Infrastructure Bonds	-	-	-	42,439	42,439
Nonmajor Governmental Funds	2,385	155,652	71,296	25,906	255,239
Pokegama Golf Course	3,500	-	-	-	3,500
Total	\$5,885	\$169,083	\$373,046	\$434,056	\$982,070

The City makes routine interfund transfers to allocate financial resources to the funds that receive benefit from services provided by another fund or to establish or close-out funds. During 2019, the City made transfers from the General Fund to Special Revenue Funds (\$89,907) to provide ongoing support, to the Improvement Refunding Bonds of 2013B Debt Service Fund (\$150,000) as part of its debt financing plan, and to Capital Project Funds (\$313,879) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$422,399) and operating purposes (\$5,885).

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$6,186,306	\$601,611	(\$4,585)	\$6,783,332
Construction in progress	3,981,796	5,520,233	(5,346,188)	4,155,841
Total capital assets, not being depreciated	10,168,102	6,121,844	(5,350,773)	10,939,173
Capital assets, being depreciated:				
Buildings and improvements	28,733,400	520,044	(33,700)	29,219,744
Vehicles, equipment and furniture	11,785,704	339,029	(423,738)	11,700,995
Infrastructure	71,514,488	4,173,171	(175,278)	75,512,381
Total capital assets, being depreciated	112,033,592	5,032,244	(632,716)	116,433,120
Less accumulated depreciation for:				
Buildings and improvements	18,242,921	615,982	(18,345)	18,840,558
Vehicles, equipment and furniture	7,819,841	636,531	(423,321)	8,033,051
Infrastructure	35,364,027	2,286,609	(169,119)	37,481,517
Total accumulated depreciation	61,426,789	3,539,122	(610,785)	64,355,126
Total capital assets being depreciated - net	50,606,803	1,493,122	(21,931)	52,077,994
Governmental activities capital assets - net	\$60,774,905	\$7,614,966	(\$5,372,704)	\$63,017,167

CITY OF GRAND RAPIDS, MINNESOTA
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Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$910,812	\$ -	\$ -	\$910,812
Total capital assets, not being depreciated	<u>910,812</u>	<u>0</u>	<u>0</u>	<u>910,812</u>
Capital assets, being depreciated:				
Buildings and improvements	2,290,486	90,428	-	2,380,914
Machinery, equipment and furniture	1,370,653	12,691	-	1,383,344
Total capital assets, being depreciated	<u>3,661,139</u>	<u>103,119</u>	<u>0</u>	<u>3,764,258</u>
Less accumulated depreciation for:				
Buildings and improvements	891,733	63,060	-	954,793
Machinery, equipment and furniture	725,605	106,411	-	832,016
Total accumulated depreciation	<u>1,617,338</u>	<u>169,471</u>	<u>0</u>	<u>1,786,809</u>
Total capital assets being depreciated - net	<u>2,043,801</u>	<u>(66,352)</u>	<u>0</u>	<u>1,977,449</u>
Business-type activities capital assets - net	<u>\$2,954,613</u>	<u>(\$66,352)</u>	<u>\$0</u>	<u>\$2,888,261</u>

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

Governmental activities:	
General government	\$109,248
Public safety	242,409
Public works, including depreciation of general infrastructure assets	2,864,893
Culture and recreation	322,572
Total depreciation expense - governmental activities	<u>\$3,539,122</u>
Business-type activities:	
Golf course	\$105,593
Storm water utility	63,878
Total depreciation expense - business-type activities	<u>\$169,471</u>

Note 7 LONG-TERM DEBT

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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As of December 31, 2019, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/19
Primary Government					
<u>Governmental Activities:</u>					
G.O. Tax Increment Bonds:					
Refunding TIF Bonds Series 2017B	4.20 - 4.00	12/28/2017	2/1/2034	\$705,000	\$680,000
G.O. Improvement Bonds:					
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022	1,150,000	225,000
Improvement Bonds of 2009C	1.85 - 4.3	9/1/2009	2/1/2025	4,565,000	2,050,000
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026	1,115,000	425,000
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027	1,555,000	615,000
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028	2,245,000	1,400,000
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027	4,175,000	2,340,000
Improvement Bonds of 2013A	0.30 - 1.35	5/8/2013	2/1/2021	1,525,000	370,000
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030	3,000,000	2,080,000
Improvement Refunding Bonds of 2017B	2.30-3.00	12/28/2017	2/1/2034	2,215,000	1,775,000
Total G.O. Improvement Bonds				<u>21,545,000</u>	<u>11,280,000</u>
Other General Obligation Bonds:					
Street Reconstruction Bonds of 2013B	3.00 - 3.5	9/1/2013	2/1/2029	4,025,000	2,875,000
Street Reconstruction Bonds of 2016A	0.85 - 2.20	10/5/2016	2/1/2032	2,170,000	1,925,000
Street Reconstruction Bonds of 2017A	3.00-3.50	9/7/2017	2/1/2033	2,130,000	2,040,000
Street Reconstruction Bonds of 2018A	3.00-3.25	10/18/2018	2/1/2034	1,960,000	1,960,000
G.O. Abatement Bonds of 2019A	2.00-3.00	9/5/2019	2/1/2035	1,585,000	1,585,000
Total other general obligation bonds				<u>11,870,000</u>	<u>10,385,000</u>
Total bonded debt - governmental activities				<u>34,120,000</u>	<u>22,345,000</u>
Capital lease payable	0.00	11/22/2010	12/31/2020	136,444	13,644
Bond premium				590,533	430,137
Compensated absences				-	414,568
Total governmental activities				<u>\$34,846,977</u>	<u>\$23,203,349</u>
<u>Business-Type Activities:</u>					
Compensated absences				\$ -	\$7,696
Capital lease payable	3.84	7/20/2017	7/19/2022	142,747	58,129
Total business-type activities				<u>\$142,747</u>	<u>\$65,825</u>
<u>Component Units:</u>					
EDA:					
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035	\$350,000	\$280,000
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029	100,000	100,000
Note payable - Blandin	0.00	2016	2026	175,000	118,173
Note payable - IRRRB	1.00	12/2/2016	8/1/2036	293,000	293,000
Note payable - IEDC	1.00	11/15/2016	11/1/2026	90,000	63,900
Total EDA				<u>1,008,000</u>	<u>855,073</u>
Public Utilities:					
Equipment lease payable	2.64	10/15/2015	10/15/2025	2,061,820	1,221,040
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029	26,370,232	15,105,000
Taxable G.O. Wastewater Revenue Bonds of 2011A	0.60 - 3.50	9/1/2011	12/1/2021	3,965,000	980,000
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033	2,025,000	1,465,000
G.O. Utility Revenue Bonds of 2013C	2.00 - 4.50	7/15/2013	2/1/2029	2,305,000	1,690,000
Total public utilities				<u>36,727,052</u>	<u>20,461,040</u>
Total component units				<u>\$37,735,052</u>	<u>\$21,316,113</u>

CITY OF GRAND RAPIDS, MINNESOTA
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Annual debt service requirements to maturity for long-term debt are as follows:

December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$30,000	\$19,075	\$1,855,000	\$313,009	\$595,000	\$282,384
2021	35,000	18,100	1,775,000	264,599	705,000	267,990
2022	35,000	17,050	1,610,000	215,640	725,000	247,890
2023	40,000	15,925	1,420,000	169,210	750,000	227,140
2024	35,000	14,800	1,310,000	126,134	770,000	205,740
2025	40,000	13,815	1,175,000	83,681	795,000	183,690
2026	40,000	12,895	755,000	52,667	830,000	160,415
2027	45,000	11,918	715,000	32,128	835,000	136,184
2028	45,000	10,725	330,000	17,235	870,000	110,840
2029	50,000	9,300	165,000	7,240	895,000	84,599
2030	55,000	7,725	170,000	2,465	575,000	64,095
2031	50,000	6,150	-	-	585,000	48,729
2032	55,000	4,575	-	-	605,000	32,461
2033	60,000	2,850	-	-	445,000	17,350
2034	65,000	975	-	-	280,000	6,670
2035	-	-	-	-	125,000	1,375
Total	<u>\$680,000</u>	<u>\$165,878</u>	<u>\$11,280,000</u>	<u>\$1,284,008</u>	<u>\$10,385,000</u>	<u>\$2,077,552</u>

Year Ending December 31,	Revenue Bonds and Notes	
	PUC Component Unit	
	Principal	Interest
2020	\$2,044,000	\$573,561
2021	2,107,000	512,918
2022	1,652,000	448,939
2023	1,702,000	400,548
2024-2028	9,313,000	1,208,053
2029-2033	2,427,000	95,280
Total	<u>\$19,245,000</u>	<u>\$3,239,299</u>

CITY OF GRAND RAPIDS, MINNESOTA
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CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2019, was as follows:

	12/31/18	Additions	Reductions	12/31/19	One Year
<u>Governmental Activities:</u>					
Bonds payable:					
G.O. Tax increment bonds	\$705,000	\$ -	(\$25,000)	\$680,000	\$30,000
G.O. Improvement bonds	13,135,000	-	(1,855,000)	11,280,000	1,885,000
Other G.O. bonds	9,400,000	1,585,000	(600,000)	10,385,000	595,000
Bond premium	399,734	62,547	(32,144)	430,137	-
Capital lease payable	27,292	-	(13,648)	13,644	13,644
Compensated absences	408,835	57,855	(52,122)	414,568	49,059
Total governmental activities	<u>\$24,075,861</u>	<u>\$1,705,402</u>	<u>(\$2,577,914)</u>	<u>\$23,203,349</u>	<u>\$2,572,703</u>
<u>Business Type Activities:</u>					
Capital lease payable	\$85,564	\$ -	(\$27,435)	\$58,129	\$28,508
Compensated absences	7,750	1,439	(1,493)	7,696	2,276
Total business-type activities	<u>\$93,314</u>	<u>\$1,439</u>	<u>(\$28,928)</u>	<u>\$65,825</u>	<u>\$30,784</u>
<u>Component Units:</u>					
Note payables - EDA	\$902,310	\$ -	(\$47,237)	\$855,073	\$26,363
Assessment payable - EDA	-	716,401	(37,221)	679,180	\$ -
G.O. Revenue bonds and notes - PUC	21,389,000	-	(2,149,000)	19,240,000	2,039,000
Equipment lease payable - PUC	1,469,887	-	(248,847)	1,221,040	256,747
Unamortized premiums and discounts - PUC	(3,325)	-	(1,763)	(1,562)	-
Compensated absences - PUC	299,805	261,543	(237,362)	323,986	171,786
Total component units	<u>\$24,057,677</u>	<u>\$977,944</u>	<u>(\$28,367)</u>	<u>\$22,317,717</u>	<u>\$2,493,896</u>

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

CAPITAL LEASE PAYABLE

During 2010, the City entered into a Communications System Subscriber Agreement with Itasca County relating to the acquisition and use of radios for the City's police department. The agreement qualifies as a capital lease. The cost of the assets acquired through the lease was \$136,444 and accumulated depreciation on these assets at December 31, 2019 is \$136,444. Depreciation in the amount of \$13,645 has been recorded as depreciation expense during 2019.

During 2017, the City entered into an equipment lease with TCF Equipment Finance relating to the use of equipment for the golf course. This agreement qualifies as a capital lease with an interest rate of 3.84%. The cost of the assets acquired through the lease was \$142,747 and accumulated depreciation on these assets at December 31, 2019 is \$42,398. Depreciation in the amount of \$16,829 has been recorded as depreciation expense during 2019.

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The present value of future minimum lease payments as of December 31, 2019 is as follows:

2020	\$44,423
2021	<u>30,780</u>
Total	75,203
Less: Amount representing interest	<u>(3,430)</u>
Net capital lease obligation	<u><u>\$71,773</u></u>

TAXABLE LIMITED REVENUE NOTE, SERIES 2015

To enhance development, the City issued a \$320,000 Taxable Limited Revenue Note in 2015 with an interest rate of 3.0% per annum. Payments of principal and accrued interest on the note shall be payable in semi-annual installments payable on each February 1 and August 1, commencing August 1, 2015 and ceasing no later than February 1, 2030.

Payments are payable solely from available abatement, which shall mean the sum of City tax abatements and County tax abatements generated in the preceding six months with respect to the development property and remitted to the City by the County. Because the note is not a general obligation of the City and is payable solely from available tax abatement, it is not reflected in the financial statements of the City. At December 31, 2019 the principal amount outstanding on the note was \$190,882.

TAXABLE NOTE PAYABLES - EDA

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

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

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

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

In 2016, the EDA entered into a \$293,000 loan agreement with the IRRRB. The proceeds were used to finance the acquisition of an airport hangar. The note is to be repaid from all net lease revenues from the hangar.

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

TAXABLE GENERAL OBLIGATION WASTEWATER REVENUE NOTE, SERIES 2009E

In 2009, the City authorized the issuance of the Taxable General Obligation Wastewater Revenue Note (Public Utilities Project), Series 2009E in the amount of \$28,509,779, payable to the Minnesota Public Facilities Authority. The bonds were closed in 2012 and the total draws made were \$26,370,232. As of December 31, 2019, the outstanding balance on the note was \$15,105,000.

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

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

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

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

LEASE PURCHASE AGREEMENT

In 2015, the City entered into a Lease Purchase Agreement with US Bancorp Government Leasing and Finance, Inc. for the purchase of an Automated Meter Reading System (System). The agreement qualifies as a capital lease. The Lease Purchase Agreement provides for a ten-year lease in the principal amount of \$1,700,000 at an interest rate not to exceed 2.64% per annum, with a bargain purchase option of \$1 at the end of the lease term. Upon purchase, the City will transfer title of the System to the Public Utilities Commission. As of December 31, 2019, the outstanding balance on the note was \$1,072,967.

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

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

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

REVENUE PLEDGED

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

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Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement, 2007B	Street reconstruction	MSA allotments	100%	2007-2022	\$238,801	\$85,650	\$85,650
G.O. Improvement, 2009C (Build America Bond)	Infrastructure improvements	Special assessments Federal BAB credit Ad Valorem Taxes	24% 10% 66%	2010-2024	\$2,377,269	\$427,009	\$372,735
G.O. Equip. Certificates, 2009D (Build America Bond)	2009 Ladder Truck	Federal BAB credit Ad Valorem Taxes	7% 93%	2010-2019	\$ -	\$138,274	\$1,075
G.O. Improvement, 2011B	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	56% 46%	2012-2026	\$685,543	\$137,950	\$105,333
G.O. Improvement, 2012A	Infrastructure improvements	Special assessments Ad Valorem Taxes	32% 68%	2013-2027	\$1,615,502	\$185,118	\$139,459
G.O. Improvement, 2012B	Street reconstruction	MSA allotments	100%	2013-2027	\$2,561,090	\$321,443	\$321,443
G.O. Improvement, 2013A	Refunded 2004A and 2005A Bonds	Special assessments Ad Valorem Taxes	41% 59%	2014-2021	\$374,665	\$205,505	\$123,454
G.O. Street Reconstruction, 2013B	Street reconstruction	Ad Valorem Taxes	100%	2014-2029	\$3,368,331	\$339,713	\$105,790
G.O. Improvement, 2014A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	20% 80%	2014-2029	\$2,346,099	\$282,100	\$278,856
G.O. Street Reconstruction, 2016A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	80%	2016-2032	\$2,193,970	\$170,460	\$161,239
G.O. Street Reconstruction, 2017A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	13% 87%	2018-2033	\$2,533,387	\$155,625	\$186,168
G.O. Refunding, 2017B	Refund of 2006A, 2007A, 2008A, 2008B and 2008C bonds	Special assessments Tax Increment Ad Valorem Taxes	11% 28% 61%	2018-2034	\$2,733,153	\$39,316	\$299,901
G.O. Improvement, 2018A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes Special assessments	81% 19%	2018-2033	\$2,447,719	\$47,118	\$171,117
G.O. Improvement, 2019A	Golf Course Road Utility Extensions	Ad Valorem Taxes Tax abatement	92% 8%	2019-2035	\$1,919,144	\$ -	\$ -

Note 8 **DEFINED BENEFIT PENSION PLANS**

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. BENEFITS PROVIDED

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of method 1 or method 2 formulas. Only method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated Plan members is 1.2% for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. The accrual for Minneapolis Employees Retirement Fund (MERF) members is 2% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if

hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019. The City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2019, were \$276,142. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the PEPFF for the year ended December 31, 2019, were \$248,008. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2019, the City reported a liability of \$2,814,147 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$87,496. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's

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participating employers. At June 30, 2019 the City's proportion was 0.0509% which was an decrease of .0016 % from its proportion measured as of June 30, 2018.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

City's proportionate share of the net pension liability	\$2,814,147
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>87,496</u>
Total	<u>\$2,901,643</u>

For the year ended December 31, 2019, the City recognized pension expense of \$323,967 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$6,553 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$80,821	\$ -
Changes in actuarial assumptions	-	219,489
Difference between projected and actual investment earnings	-	286,758
Changes in proportion	20,717	76,687
Contributions paid to PERA subsequent to the measurement date	<u>138,812</u>	-
Total	<u>\$240,350</u>	<u>\$582,934</u>

\$138,812 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2020	(\$154,365)
2021	(250,426)
2022	(81,140)
2023	4,535
Thereafter	-

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2. PEPFF Pension Costs

At December 31, 2019, the City reported a liability of \$1,465,956 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was .1377%, which was an increase of .0046% from its proportion measured as of June 30, 2018. The City also recognized \$18,859 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$99,118 for its proportionate share of the PEPFF's pension expense.

At December 31, 2019, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$62,459	\$229,491
Changes in actuarial assumptions	1,248,241	1,659,041
Difference between projected and actual investment earnings	-	302,464
Changes in proportion	197,630	240,925
Contributions paid to PERA subsequent to the measurement date	124,156	-
Total	\$1,632,486	\$2,431,921

\$124,156 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31,	Pension Expense Amount
2020	(\$115,839)
2021	(241,710)
2022	(617,102)
2023	42,585
2024	8,475
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block

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method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.90%
Fixed Income	20%	0.75%
Private Markets	25%	5.90%
Cash Equivalents	2%	0.00%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability	\$4,626,306	\$2,814,147	\$1,317,849
City's proportionate share of the PEPFF net pension liability	\$3,204,307	\$1,465,956	\$28

The net pension liability is generally liquidated by the Employee Benefits Internal Service Fund.

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

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I. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2019 is as follows:

GERF	\$330,520
PEPFF	198,848
Fire Relief (note 10)	<u>36,955</u>
Total	<u><u>\$566,323</u></u>

Note 9 DEFINED CONTRIBUTION PLAN

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

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

Total contributions made by the City during fiscal year 2019 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer (Pension Expense)	Employee	Employer	Rate
\$1,584	\$1,584	5%	5%	5%

Note 10 SINGLE EMPLOYER PLAN

A. PLAN DESCRIPTION

All members of the Grand Rapids Fire Department are covered by a defined benefit plan administered by the Grand Rapids Fire Department Relief Association (Relief Association). The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 69.

B. BENEFITS PROVIDED

The Relief Association provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established in accordance with the State Statute

and vest after ten years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Relief Association within the parameters provided by State Statutes.

Twenty Year Service Pension

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

Disability Benefits

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

Survivor Benefits

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

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

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

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

Years of active service credited to participant	multiplied by	Benefit level in effect for participant	multiplied by	Vesting percentage for completed years of active service
---	---------------	---	---------------	---

The survivor benefit level will be the benefit level in effect at the participant's separation date. However, if the participant had a break in service, the survivor benefit level shall be determined as described in the definition of break in service.

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

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A participant's beneficiary shall be as follows:

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

State Supplemental Benefits

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

C. EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2019, the following employees were covered by the benefit terms:

Retired members entitled to benefits, but have not received them	9
Current members:	
Fully vested (20 years or more)	1
Partially vested (10 years to 19 years)	10
Nonvested (less than 10 years)	<u>18</u>
Total	<u><u>38</u></u>

D. CONTRIBUTIONS

Minnesota Statutes Chapter 424A.092 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief Association is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief Association. The City's contributions to the Relief Association for the year ended December 31, 2019, were \$5,000. State aid contributions for the year ended December 31, 2019, were \$131,658.

E. NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019.

F. ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	5.75%
20-year municipal bond yield	3.50%
Projected salary increases	2.50%
Inflation	None
Cost-of-living adjustments	5.00%
Age of service retirement	50
Post retirement benefit increase	5.00%

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

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

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

<u>Asset Class</u>	<u>Portfolio Weight</u>	<u>Expected Class Return</u>
Cash	5%	2.25%
Fixed income	31%	3.40%
Equities	63%	7.10%
Other	1%	6.00%
Total portfolio	100%	5.75%

G. DISCOUNT RATES

The discount rate used to measure the total pension liability was 5.75%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations.” The determination of the discount rate assumed that the plan’s current overfunded status, combined with

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Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan's long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at January 1, 2019	\$1,312,900	\$2,261,549	(\$948,649)
Changes for the year:			
Service cost	73,783	-	73,783
Interest	79,734	-	79,734
Assumption changes	-	-	-
Loss	-	-	-
Contributions - employer	-	5,000	(5,000)
On behalf contributions - State of MN	-	131,658	(131,658)
Contributions - employee	-	-	-
Net investment income	-	133,639	(133,639)
Benefit payments	-	-	-
Administrative expense	-	(11,439)	11,439
Gain or loss	-	271,292	(271,292)
Net changes	153,517	530,150	(376,633)
Balance at December 31, 2019	\$1,466,417	\$2,791,699	(\$1,325,282)

I. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount (6.75%)
Net pension liability (asset)	(\$1,272,518)	(\$1,325,282)	(\$1,376,118)

J. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Relief Association financial report. That report may be obtained by writing to Grand Rapids Fire Department Relief Association, 18 NE 5th Street, Grand Rapids, Minnesota, 55744.

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

For the year ended December 31, 2019, the City recognized pension expense of \$36,955. The City also recognized \$131,658 for the year ended December 31, 2019, as pension expense (and grant revenue) for the State of Minnesota’s on-behalf contribution to the plan. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual economic investment earnings	\$ -	\$103,539
Liability gains	-	34,568
Assumption changes	20,840	4,892
Total	<u>\$20,840</u>	<u>\$142,999</u>

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

<u>Year Ended December 31,</u>	<u>Expense Amount</u>
2020	(38,648)
2021	(33,860)
2022	2,431
2023	(53,715)
2024	544
Thereafter	1,089

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

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 8 and 9, the City provides post employment health care benefits, as defined in paragraph B, through The Operating Engineers Local #49 Health and Welfare Fund (the plan). The plan is a multi-employer defined benefit OPEB plan administered by a plan administrator selected by the plan. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel

manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

Clerical and Public Works Employees

Clerical and public works employees who retire at age 55 or older with 10 or more years of service may continue medical coverage in the Operating Engineer Local #49 Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is required to allow retirees to continue participation in the plan until age 65. The City is required to pay \$100 per month and the retiree is required to pay the remaining portion of the premium cost. The premium is a blended rate premium determined on the entire active and retired population. Since the projected claims costs for the retirees exceed the premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit).

Police and Sergeants

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

Exempt and Library Employees

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

C. PARTICIPANTS

At December 31, 2019, the following employees were covered by the benefit terms:

Active employees	46
Inactive employees or beneficiaries currently receiving benefits	2
	<hr/>
Total	48
	<hr/>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$28,220 was measured as of January 1, 2019, and was determined by an actuarial valuation dated January 1, 2019. Changes in the total OPEB liability during 2019 were:

Balance - beginning of year	\$56,576
Changes for the year:	
Service cost	1,645
Interest	1,648
Changes of benefit terms	-
Differences between expected and actual experience	(12,815)
Plan changes	-
Changes in assumptions	(2,164)
Benefit payments	<u>(16,670)</u>
Net changes	<u>(28,356)</u>
Balance - end of year	<u>\$28,220</u>

There were no plan changes since the measurement date of January 1, 2019.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.80%
Investment rate of return	3.80%
Healthcare cost trend rates	Not applicable. The subsidized benefit is not assumed to increase
Retirees' share of benefit-related costs	100%

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

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

The actuarial assumptions used in the January 1, 2019 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.80%) or 1% higher (4.80%) than the current discount rate:

	1% Decrease <u>(2.80%)</u>	Discount Rate <u>(3.80%)</u>	1% Increase <u>(4.80%)</u>
Total OPEB liability	\$29,888	\$28,220	\$26,669

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$28,220</u>	<u>\$28,220</u>	<u>\$28,220</u>

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

For the year ended December 31, 2019, the City recognized \$1,219 of OPEB expense. At December 31, 2019 the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$0	\$10,984
Changes in Assumptions	\$266	\$1,854
Contributions made after the measurement date	<u>\$11,216</u>	<u>\$0</u>
Total	<u><u>\$11,482</u></u>	<u><u>\$12,838</u></u>

\$11,216 reported as deferred outflows of resources related to OPEB resulting from City contributions after the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized on OPEB expense as follows:

<u>December 31,</u>	<u>Expense</u>
2020	(2,074)
2021	(2,074)
2022	(2,074)
2023	(2,076)
2024	(2,141)
Thereafter	<u>(2,133)</u>
	<u><u>(\$12,572)</u></u>

Note 12 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT

A. TAX INCREMENT DISTRICTS

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

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

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-

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income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

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

TIF District #1-6, Old Hospital:

Issued in 2008 (2008B) in the principal sum of \$307,500 with an interest rate of 7.75 % per annum. Principal and interest shall be paid on August 1, 2010 and each February 1 and August 1 thereafter to and including February 1, 2032. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2032. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2032. The current year abatement (TIF note payments) amounted to \$25,343. At December 31, 2019, the principal amount outstanding on the note was \$307,500.

TIF District #1-7, Block 37:

Issued in 2008 (2008A) in the principal sum of \$389,300 with an interest rate of 7.25% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2035. The current year abatement (TIF note payments) amounted to \$14,722. At December 31, 2019, the principal amount outstanding on the note was \$389,300.

TIF District #1-8, Lakewood Heights:

Issued in 2013 (2013A) in the principal sum of \$350,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. Principal and interest payments will be completed February 1, 2039. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2039. The current year abatement (TIF note payments) amounted to \$31,859. At December 31, 2019, the principal amount outstanding on the note was \$260,122.

TIF District #1-10, River Hills Apartments:

Issued in 2017 (2016A) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2017 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from available tax increment

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payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,389. At December 31, 2019, the principal amount outstanding on the note was \$259,684.

Issued in 2018 (2017B) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2018 and each February 1 and August 1 thereafter to and including February 1, 2034. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2034. The abatements for 2018 and 2019 (TIF note payments) amounted to \$54,816. At December 31, 2019, the principal amount outstanding on the note was \$277,652.

1st Avenue Condominiums Abatement:

Issued in 2015, this Taxable Limited Revenue Note, Series 2015 in the principal sum of \$320,000 with an interest rate of 3.00% per annum. Principal and interest shall be paid on August 1, 2015 and each February 1 and August 1 thereafter to and including February 1, 2030. Payments are payable solely from available tax abatement derived from the developed/redeveloped property and paid to the City and to Itasca County. The Taxable Limited Revenue Note provides for payment to the developer equal to all tax abatement received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2030. The current year abatement (TIF note payments) amounted to \$44,162. At December 31, 2019, the principal amount outstanding on the note was \$177,420.

C. ARBITRAGE

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

Note 13 CONTINGENCIES

A. LITIGATION

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

B. FEDERAL AND STATE FUNDS

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

C. TAX INCREMENT DISTRICTS

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

D. FORGIVABLE LOAN

Unrecorded loan – deferred loan agreement of \$300,000 issued on November 9, 2017 between the EDA and Grand Itasca Clinic and Hospital is only required to be repaid if the borrower defaults on the terms of the loan, which includes sale of the property. If default should occur, the entire remaining unforgiven principal and accrued interest is immediately due and payable. If no events of default occur, and if the borrower does not sell the property within five years of the closing date, no payments shall be payable on the note and the principal balance of the loan shall be forgiven. The loan bears interest at 0%. The entire balance of this deferred loan totaling \$300,000 at December 31, 2019, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

Note 14 OTHER DEFERRED DEBITS AND CREDITS

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

On the statement of net position, the Commission reports \$699,018 of non-utility property. This amount consists of deferred debits relating to the 2011 Landfill Phase 8.

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Bond issuance costs are recovered through rates over the life of the debt. The commission has elected to create a regulatory asset for this cost and amortize it over the life of the debt using the effective interest rate method. The unamortized balance at December 31, 2019 and 2018 is \$117,608 and \$138,429.

Note 15 FUND BALANCE

A. CLASSIFICATIONS

Definitions of fund balance classifications are included in Note 1P. At December 31, 2019, a summary of the governmental fund balance classifications are as follows:

	General Fund	General Capital Improvement Projects	Capital Equipment Replacement	2019 Infrastructure Bonds	Other Governmental Funds	Total
Nonspendable:						
Prepaid items	\$126,282	\$ -	\$44,044	\$ -	\$35,694	\$206,020
Interfund loans receivable	1,110,181	-	-	-	-	1,110,181
Restricted:						
Debt service	-	-	-	-	6,944,395	6,944,395
Law enforcement	-	-	-	-	77,459	77,459
Other purposes	22,535	-	-	-	86,549	109,084
Committed:						
Revenue stabilization	817,236	-	-	-	-	817,236
Public library	-	-	-	-	538,885	538,885
Central school	-	-	-	-	72,135	72,135
Airport operations	-	-	-	-	64,993	64,993
Cemetery	-	-	-	-	94,505	94,505
Domestic animal control facility	-	-	-	-	9,898	9,898
Assigned:						
Capital purposes	-	100,359	-	727,097	850,356	1,677,812
Unassigned	4,544,575	-	(305)	-	(536,757)	4,007,513
Total	\$6,620,809	\$100,359	\$43,739	\$727,097	\$8,238,112	\$15,730,116

B. MINIMUM UNASSIGNED FUND BALANCE POLICY

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

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 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

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

At December 31, 2019, the unassigned fund balance of the General Fund was \$4,544,575, compared to its targeted unassigned fund balance of \$5,722,881 based on the above policy.

C. REVENUE STABILIZATION

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

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

Due to the recession which began in 2008, the City depleted its revenue stabilization reserve in 2010. During 2011, the City began replenishing the reserve in accordance with its policy described above. The reserve at December 31, 2019 is as follows:

Revenue stabilization at December 31, 2017	\$613,922
2018 replenishment	99,979
Revenue stabilization at December 31, 2018	713,901
2019 replenishment	103,335
Revenue stabilization at December 31, 2019	\$817,236

Note 16 COMMITMENTS

A. POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service to the Public Utilities Commission under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation up to ten percent

(10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015. In addition, beginning in 2019, the generation capacity charge for each year is based on the previous year generation capacity charge adjusted as determined by the power supply formula rate for capacity, except that the charge will not be more than 2% higher, or 1% lower, than the previous year's charge. The peak power requirements for 2019 and 2018 were 29,488 and 29,960 kW, respectively.

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

B. CONSTRUCTION COMMITMENTS

The primary government has two active construction projects as of December 31, 2019. The remaining commitment on these projects totaled \$2,603,954.

The Public Utilities Commission has several active construction projects as of December 31, 2019. The remaining commitment on these projects is \$126,271.

C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

Closure cost estimate	\$1,616,745
Post-closure care cost estimate	1,577,387
Contingency action	614,446
Total	<u>\$3,808,578</u>

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

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

On December 12, 2019 and December 24, 2018, Blandin Paper Company established an irrevocable letter of credit for \$3,808,578 and \$3,872,163 with Nordea Bank on behalf of the Public Utilities Commission. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

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

Note 17 RISK MANAGEMENT

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

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

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

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

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

Note 18 CONDUIT DEBT

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

As of December 31, 2019, there were three bond issues outstanding, with an estimated aggregate principal amount payable of \$3,640,946.

Note 19 OPERATING LEASE

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

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

Note 20 PAYMENTS IN LIEU OF TAX - PUC

Effective January 1, 1997, the Public Utilities Commission and the City of Grand Rapids established a formal agreement for payments in lieu of tax from the Commission to the City. Beginning January 1, 2010, the PILOT agreement was modified and the annual cash payment changed to 4.84 mills per kilowatt hours sold, with a minimum annual payment of \$823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT is increased to 5.00 mills per kilowatt hours sold, with a minimum annual payment of \$868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition. The amount of the PILOT cash payment from the Commission to the City for 2019 was \$868,000.

Note 21 DEFICIT FUND BALANCES

At December 31, 2019, individual funds with deficit fund balances are as follows:

Special Revenue Funds:	
IRA Civic Center	(\$176,196)
Capital Project Funds:	
IRA Civic Center Projects	(102,910)
2020 Infrastructure Bonds	(240,736)
2021 Infrastructure Bonds	(11,341)

Note 22 MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

The Public Utilities Commission has a contract with Blandin Paper Company (Blandin) where Blandin reimburses the Commission for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,485,898 and \$3,832,869 for 2019 and 2018, respectively. GRPUC also has contracts with Blandin whereby Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009A, 2009E, 2011A, and 2013C, along with the loader and truck leases, as discussed in Note 6. For ratemaking purposes the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by Blandin for 2019 and 2018 were \$2,458,590 and \$2,472,187, respectively.

Note 23 RECENTLY ISSUED ACCOUNTING STANDARDS

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

Statement No. 87 *Leases*. The provisions of this statements are effective for periods beginning after December 15, 2019.

Statement No. 89 *Accounting for Interest incurred before the end of a Construction Period*. The provisions of this statement are effective for periods beginning after December 15, 2019.

Statement No. 91 *Conduit Debt Obligations*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Note 24 SUBSEQUENT EVENTS AND UNCERTAINTIES

The COVID-19 pandemic continues to cause rapidly changing disruptions world-wide. Management has evaluated these conditions and believes that it is not possible to reasonably estimate the financial impact, if any, of COVID-19 on the City's financial statements at December 31, 2019.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2019
 With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019				2018 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Revenues:					
Taxes:					
General property taxes	\$4,809,012	\$4,575,277	\$4,642,474	\$67,197	\$4,330,676
Payment in lieu of taxes:					
Housing Authorities	37,000	37,000	45,682	8,682	47,788
Public utilities	868,000	868,000	868,000	-	868,000
Total taxes	<u>5,714,012</u>	<u>5,480,277</u>	<u>5,556,156</u>	<u>75,879</u>	<u>5,246,464</u>
Licenses and permits:					
Business	37,200	37,200	44,026	6,826	35,865
Nonbusiness	338,500	338,500	455,921	117,421	176,640
Total licenses and permits	<u>375,700</u>	<u>375,700</u>	<u>499,947</u>	<u>124,247</u>	<u>212,505</u>
Intergovernmental:					
Federal:					
Public safety grants	30,000	30,000	28,347	(1,653)	14,829
State:					
Local government aid	1,432,525	1,432,525	1,432,525	-	1,424,202
Market value homestead credit	-	-	303	303	525
Taconite supplemental aid	-	233,735	233,735	-	243,799
Taconite credit - mobile homes	-	-	2,054	2,054	2,496
Municipal state aid street maintenance	186,200	186,200	186,200	-	186,200
Police aid	152,000	152,000	174,031	22,031	160,952
Fire aid	126,000	126,000	133,658	7,658	129,511
Police training aid	18,000	18,000	19,884	1,884	19,140
PERA aid	11,695	11,695	11,695	-	11,695
State - miscellaneous	4,500	4,500	24,276	19,776	308,054
US Gas Tax Refund	500	500	706	206	519
Local:					
School District #318	129,935	129,935	129,794	(141)	124,240
Total intergovernmental	<u>2,091,355</u>	<u>2,325,090</u>	<u>2,377,208</u>	<u>52,118</u>	<u>2,626,162</u>
Charges for services:					
General government	143,529	143,529	175,084	31,555	196,251
Public safety	565,378	565,378	605,069	39,691	516,455
Public works	245,000	245,000	219,784	(25,216)	240,510
Total charges for services	<u>953,907</u>	<u>953,907</u>	<u>999,937</u>	<u>46,030</u>	<u>953,216</u>
Fines and forfeits	57,500	57,500	57,981	481	54,591
Special assessments	-	-	13,622	13,622	12,317
Investment income	38,500	38,500	80,846	42,346	49,955
Miscellaneous:					
Donations/contributions	-	-	22,225	22,225	16,264
Rentals and leases	3,000	3,000	3,148	148	3,265
Other	8,300	8,300	22,512	14,212	14,189
Total miscellaneous	<u>11,300</u>	<u>11,300</u>	<u>47,885</u>	<u>36,585</u>	<u>33,718</u>
Total revenues	<u>9,242,274</u>	<u>9,242,274</u>	<u>9,633,582</u>	<u>391,308</u>	<u>9,188,928</u>

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2019
 With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019				2018 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personnel services	\$45,268	\$45,268	\$45,256	(\$12)	\$45,235
Materials and supplies	100	100	169	69	147
Other services and charges	45,850	45,850	55,712	9,862	40,416
Total mayor and city council	91,218	91,218	101,137	9,919	85,798
Administration:					
Current:					
Personnel services	502,983	502,983	495,806	(7,177)	509,272
Materials and supplies	4,150	4,150	1,311	(2,839)	8,701
Other services and charges	78,200	78,200	55,476	(22,724)	38,242
Total administration	585,333	585,333	552,593	(32,740)	556,215
Finance:					
Current:					
Personnel services	476,955	476,955	478,670	1,715	468,334
Materials and supplies	4,200	4,200	2,463	(1,737)	5,265
Other services and charges	52,680	52,680	53,616	936	46,407
Total finance	533,835	533,835	534,749	914	520,006
Information technology:					
Current:					
Personnel services	203,987	203,987	206,686	2,699	197,723
Materials and supplies	14,550	14,550	13,880	(670)	12,764
Other services and charges	54,550	54,550	35,125	(19,425)	49,905
Capital outlay	-	-	7,995	7,995	-
Total information technology	273,087	273,087	263,686	(9,401)	260,392
Community development:					
Current:					
Personnel services	519,615	519,615	486,127	(33,488)	458,028
Materials and supplies	6,400	6,400	3,447	(2,953)	3,401
Other charges and services	46,000	46,000	33,502	(12,498)	33,130
Capital outlay	-	-	29,879	29,879	-
Total community development	572,015	572,015	552,955	(19,060)	494,559
Building maintenance - city hall:					
Current:					
Personnel services	174,925	174,925	128,841	(46,084)	142,388
Materials and supplies	12,100	12,100	14,001	1,901	15,360
Other charges and services	83,600	83,600	63,546	(20,054)	70,474
Capital outlay	-	-	28,472	28,472	-
Total building maintenance - city hall	270,625	270,625	234,860	(35,765)	228,222
Total general government	2,326,113	2,326,113	2,239,980	(86,133)	2,145,192

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2019
 With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019				2018 Actual Amounts
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget	
	Original	Final			
Expenditures: (continued)					
Public safety:					
Police protection:					
Current:					
Personnel services	\$2,650,664	\$2,650,664	\$2,758,343	\$107,679	\$2,616,445
Materials and supplies	121,082	121,082	114,829	(6,253)	99,276
Other charges and services	275,631	275,631	217,537	(58,094)	227,459
Capital outlay	-	-	-	-	42,942
Total police protection	<u>3,047,377</u>	<u>3,047,377</u>	<u>3,090,709</u>	<u>43,332</u>	<u>2,986,122</u>
Fire protection:					
Current:					
Personnel services	402,331	402,331	410,454	8,123	363,844
Materials and supplies	55,600	55,600	42,873	(12,727)	66,169
Other charges and services	113,000	113,000	112,731	(269)	91,063
Capital outlay	-	-	-	-	23,170
Total fire protection	<u>570,931</u>	<u>570,931</u>	<u>566,058</u>	<u>(4,873)</u>	<u>544,246</u>
Total public safety	<u>3,618,308</u>	<u>3,618,308</u>	<u>3,656,767</u>	<u>38,459</u>	<u>3,530,368</u>
Public works:					
Public works:					
Current:					
Personnel services	831,242	831,242	864,856	33,614	812,138
Materials and supplies	213,700	213,700	233,944	20,244	219,585
Other services and charges	408,000	408,000	485,991	77,991	442,739
Street lighting	240,000	240,000	205,600	(34,400)	233,924
Capital outlay	-	-	-	-	9,859
Total public works	<u>1,692,942</u>	<u>1,692,942</u>	<u>1,790,391</u>	<u>97,449</u>	<u>1,718,245</u>
Engineering:					
Current:					
Personnel services	314,624	314,624	343,423	28,799	310,407
Materials and supplies	4,600	4,600	851	(3,749)	605
Other services and charges	48,300	48,300	17,819	(30,481)	42,571
Total engineering	<u>367,524</u>	<u>367,524</u>	<u>362,093</u>	<u>(5,431)</u>	<u>353,583</u>
Fleet maintenance:					
Current:					
Personnel services	194,131	194,131	199,090	4,959	193,915
Materials and supplies	25,050	25,050	22,061	(2,989)	20,056
Other services and charges	41,200	41,200	27,417	(13,783)	30,114
Total fleet maintenance	<u>260,381</u>	<u>260,381</u>	<u>248,568</u>	<u>(11,813)</u>	<u>244,085</u>
Total public works	<u>2,320,847</u>	<u>2,320,847</u>	<u>2,401,052</u>	<u>80,205</u>	<u>2,315,913</u>

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2019
 With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019			Actual Over (Under) Final Budget	2018 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Expenditures: (continued)					
Culture and recreation:					
Current:					
Personnel services	\$76,193	\$76,193	\$75,167	(\$1,026)	\$99,514
Materials and supplies	1,000	1,000	448	(552)	853
Other services and charges	11,000	11,000	4,857	(6,143)	9,518
Capital outlay	-	-	700	700	25,540
Total culture and recreation	<u>88,193</u>	<u>88,193</u>	<u>81,172</u>	<u>(7,021)</u>	<u>135,425</u>
Miscellaneous:					
City-wide:					
Current:					
Other services and charges	215,983	253,890	264,403	10,513	492,575
Special projects:					
Current:					
Other services and charges	123,369	123,369	68,161	(55,208)	70,281
Total miscellaneous	<u>339,352</u>	<u>377,259</u>	<u>332,564</u>	<u>(44,695)</u>	<u>562,856</u>
Total expenditures	<u>8,692,813</u>	<u>8,730,720</u>	<u>8,711,535</u>	<u>(19,185)</u>	<u>8,689,754</u>
Revenues over (under) expenditures	<u>549,461</u>	<u>511,554</u>	<u>922,047</u>	<u>410,493</u>	<u>499,174</u>
Other financing sources (uses):					
Sale of capital assets	-	-	10,767	10,767	33,000
Insurance recoveries	-	-	16,883	16,883	21,725
Transfers in	3,500	3,500	5,885	2,385	3,500
Transfers out	(465,461)	(465,461)	(553,786)	(88,325)	(608,957)
Total other financing sources (uses)	<u>(461,961)</u>	<u>(461,961)</u>	<u>(520,251)</u>	<u>(58,290)</u>	<u>(550,732)</u>
Net change in fund balance	<u>\$87,500</u>	<u>\$49,593</u>	401,796	<u>\$352,203</u>	(51,558)
Fund balance - January 1			6,219,013		6,270,571
Fund balance - December 31			<u>\$6,620,809</u>		<u>\$6,219,013</u>

Note A - BUDGETS

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

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 12

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For The Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 1,645	\$ 1,556
Interest cost	1,648	16,116
Plan changes	-	(402,538)
Differences between expected and actual experience	(12,815)	-
Changes in assumptions	(2,164)	400
Benefit payments	<u>(16,670)</u>	<u>(35,410)</u>
Net change in total OPEB liability	(28,356)	(419,876)
Total OPEB liability - beginning	56,576	476,452
Total OPEB liability - ending	<u>\$ 28,220</u>	<u>\$ 56,576</u>
Covered-employee payroll	\$2,681,195	\$5,049,054
Total OPEB liability as a percentage of covered-employee payroll	1.1%	1.1%

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY⁽¹⁾ -
 GENERAL EMPLOYEES RETIREMENT FUND
 For The Year Ended December 31, 2019

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0522%	\$2,705,275	\$ -	\$2,705,275	\$2,975,003	90.9%	78.2%
2016	2016	0.0515%	4,181,545	54,641	4,236,186	3,160,670	134.0%	68.9%
2017	2017	0.0522%	3,332,414	41,879	3,374,293	3,354,712	100.6%	75.9%
2018	2018	0.0525%	2,912,485	95,496	3,007,981	3,526,752	85.3%	79.5%
2019	2019	0.0509%	2,814,147	87,496	2,901,643	3,593,322	80.8%	80.2%

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

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 14SCHEDULE OF PENSION CONTRIBUTIONS⁽¹⁾ -

GENERAL EMPLOYEES RETIREMENT FUND

For The Year Ended December 31, 2019

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2015	\$233,723	\$233,723	\$ -	\$3,114,384	7.50%
December 31, 2016	243,845	243,845	-	3,251,272	7.50%
December 31, 2017	257,796	257,796	-	3,437,287	7.50%
December 31, 2018	266,730	266,730	-	3,556,404	7.50%
December 31, 2019	276,142	276,142	-	3,681,888	7.50%

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY⁽¹⁾ -
 PUBLIC EMPLOYEES POLICE AND FIRE FUND
 For The Year Ended December 31, 2019

Statement 15

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.1500%	\$1,704,351	\$1,333,738	127.8%	86.6%
June 30, 2016	December 31, 2016	0.1440%	5,778,971	1,384,958	417.3%	63.9%
June 30, 2017	December 31, 2017	0.1310%	1,768,656	1,348,835	131.1%	85.4%
June 30, 2018	December 31, 2018	0.1331%	1,418,709	1,403,112	101.1%	88.8%
June 30, 2019	December 31, 2019	0.1377%	1,465,956	1,452,254	100.9%	89.3%

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS⁽¹⁾ -
 PUBLIC EMPLOYEES POLICE AND FIRE FUND
 For The Year Ended December 31, 2019

Statement 16

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered - Employee Payroll (b/c)
December 31, 2015	\$219,785	\$219,785	\$ -	\$1,354,978	16.22%
December 31, 2016	223,959	223,959	-	1,382,461	16.20%
December 31, 2017	221,152	221,152	-	1,365,140	16.20%
December 31, 2018	232,463	232,463	-	1,434,959	16.20%
December 31, 2019	248,008	248,008	-	1,463,178	16.95%

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

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION

Statement 17

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS⁽¹⁾
 GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION
 For The Year Ended December 31, 2019

Fiscal year ending	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Measurement date	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total pension liability:				
Service cost	\$73,783	\$71,473	\$63,391	\$72,757
Interest cost	79,734	81,962	72,102	68,376
Plan changes	-	-	99,530	-
Loss	-	(21,899)	-	-
Differences between expected and actual experience	-	-	-	(40,925)
Changes of assumptions	-	26,796	-	(11,420)
Benefit payments, including refunds of employee contributions	-	(170,700)	-	(130,773)
Net change in total pension liability	153,517	(12,368)	235,023	(41,985)
Total pension liability - beginning	1,312,900	1,325,268	1,090,245	1,132,230
Total pension liability - ending (a)	<u>\$1,466,417</u>	<u>\$1,312,900</u>	<u>\$1,325,268</u>	<u>\$1,090,245</u>
Plan fiduciary net position:				
Contributions - employer	\$5,000	\$5,000	\$5,000	\$5,000
Contributions - State of Minnesota	131,658	131,511	128,622	130,759
Contributions - employee	-	-	-	-
Net investment income	133,639	153,082	312,604	138,089
Benefit payments, including refunds of employee contributions	-	(170,700)	-	(130,773)
Administrative expense	(11,439)	(11,317)	(11,676)	(10,672)
Gain or Loss	271,292	(318,100)	-	-
Net change in plan fiduciary net position	530,150	(210,524)	434,550	132,403
Plan fiduciary net position - beginning	2,261,549	2,472,073	2,037,523	1,905,120
Plan fiduciary net position - ending (b)	<u>\$2,791,699</u>	<u>\$2,261,549</u>	<u>\$2,472,073</u>	<u>\$2,037,523</u>
Net pension liability / (asset) - ending (a) - (b)	<u>(\$1,325,282)</u>	<u>(\$948,649)</u>	<u>(\$1,146,805)</u>	<u>(\$947,278)</u>
Plan fiduciary net position as a percentage of the total pension liability	190.38%	172.26%	186.53%	186.89%
Covered-employee payroll	(2)	(2)	(2)	(2)
Net pension liability as a percentage of covered employee payroll	(2)	(2)	(2)	(2)

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

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 18SCHEDULE OF CONTRIBUTIONS⁽¹⁾-

GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION

For The Year Ended December 31, 2019

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

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

See accompanying notes to the required supplementary information.

A. LEGAL COMPLIANCE – BUDGETS

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

B. PENSION INFORMATION

PERA – General Employees Retirement Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation

2018 Changes

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSO has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year for 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the selection period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Single Employer – Fire Relief Association

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

C. OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. During the measurement period ending December 31, 2018, benefit level per year of service increased from \$5,000 to \$5,500.

2019 Changes

Assumption Changes:

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUNDS

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

CITY OF GRAND RAPIDS, MINNESOTA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

With Comparative Totals For December 31, 2018

Statement 19

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2019	2018
Assets					
Cash and investments	\$919,737	\$7,042,614	\$620,365	\$8,582,716	\$8,784,068
Due from other governmental units	67,808	-	172,749	240,557	1,128,976
Due from component units	-	-	147,008	147,008	66,769
Accounts receivable	137,208	-	-	137,208	119,380
Prepaid items	31,073	-	4,621	35,694	32,025
Taxes receivable - delinquent	26,925	-	-	26,925	20,955
Pledges receivable	-	-	92,473	92,473	148,242
Special assessments receivable	-	2,770,366	123,353	2,893,719	2,658,649
Total assets	\$1,182,751	\$9,812,980	\$1,160,569	\$12,156,300	\$12,959,064
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$77,290	\$98,219	\$38,684	\$214,193	\$290,682
Accrued wages payable	53,810	-	-	53,810	53,508
Due to other governmental units	6,016	-	29	6,045	4,116
Due to component units	24,642	-	-	24,642	26,198
Contracts payable	-	-	-	-	52,658
Due to other funds	91,757	-	406,040	497,797	939,855
Deposits payable	12,987	-	-	12,987	7,101
Interfund loan payable	80,669	-	-	80,669	94,879
Unearned revenue	14,928	-	-	14,928	28,910
Total liabilities	362,099	98,219	444,753	905,071	1,497,907
Deferred inflows of resources:					
Unavailable revenue	26,925	2,770,366	215,826	3,013,117	2,827,846
Total deferred inflows of resources	26,925	2,770,366	215,826	3,013,117	2,827,846
Fund balance:					
Nonspendable	31,073	-	4,621	35,694	32,025
Restricted	164,008	6,944,395	-	7,108,403	7,212,565
Committed	780,416	-	-	780,416	736,371
Assigned	-	-	850,356	850,356	1,130,470
Unassigned	(181,770)	-	(354,987)	(536,757)	(478,140)
Total fund balance	793,727	6,944,395	499,990	8,238,112	8,633,291
Total liabilities, deferred inflows of resources, and fund balance	\$1,182,751	\$9,812,980	\$1,160,569	\$12,156,300	\$12,959,064

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2019
With Comparative Totals For The Year Ended December 31, 2018

Statement 20

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2019	2018
Revenues:					
Taxes:					
General property	\$851,969	\$1,557,539	\$ -	\$2,409,508	\$2,383,177
Tax abatements	-	64,154	-	64,154	63,560
Tax increments	-	256,676	-	256,676	362,771
Intergovernmental	206,754	777,201	741,148	1,725,103	2,189,756
Special assessments	-	486,290	15,065	501,355	750,496
Charges for services	1,163,259	-	-	1,163,259	1,135,962
Fines and forfeits	54,572	-	-	54,572	60,237
Investment income	15,796	85,367	8,711	109,874	76,026
Contributions and donations	41,814	-	70,920	112,734	179,129
Reimbursement from component unit	-	-	84,020	84,020	110,828
Other	6,991	-	1,102	8,093	4,131
Total revenues	<u>2,341,155</u>	<u>3,227,227</u>	<u>920,966</u>	<u>6,489,348</u>	<u>7,316,073</u>
Expenditures:					
Current:					
General government	-	202,858	16,488	219,346	253,120
Public safety	141,837	-	-	141,837	143,832
Public works	451,410	-	11,973	463,383	606,069
Culture and recreation	1,762,517	-	26,424	1,788,941	1,787,911
Capital outlay/construction	41,661	-	2,269,902	2,311,563	1,846,856
Debt service:					
Principal retirement	-	2,480,000	-	2,480,000	5,420,000
Interest	-	629,512	-	629,512	669,089
Paying agent fees	-	6,350	-	6,350	6,250
Decertify TIF districts	-	95,693	-	95,693	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>2,397,425</u>	<u>3,414,413</u>	<u>2,324,787</u>	<u>8,136,625</u>	<u>10,733,127</u>
Revenues over (under) expenditures	<u>(56,270)</u>	<u>(187,186)</u>	<u>(1,403,821)</u>	<u>(1,647,277)</u>	<u>(3,417,054)</u>
Other financing sources (uses):					
Sale of capital assets	5,859	-	188,500	194,359	-
Insurance recoveries	2,244	-	-	2,244	5,493
Transfers in	89,907	150,000	194,149	434,056	1,792,540
Transfers out	-	(71,296)	(183,943)	(255,239)	(1,409,352)
Total other financing sources (uses)	<u>98,010</u>	<u>78,704</u>	<u>198,706</u>	<u>375,420</u>	<u>388,681</u>
Net change in fund balance	41,740	(108,482)	(1,205,115)	(1,271,857)	(3,028,373)
Fund balance - January 1	<u>751,987</u>	<u>7,052,877</u>	<u>1,705,105</u>	<u>9,509,969</u>	<u>11,661,664</u>
Fund balance - December 31	<u>\$793,727</u>	<u>\$6,944,395</u>	<u>\$499,990</u>	<u>\$8,238,112</u>	<u>\$8,633,291</u>
Reconciliation of beginning fund balance to prior year ending fund balance:					\$8,633,291
Prior year ending fund balance reported					
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:					(252,039)
401 General Capital Improvement Projects					148,734
480 2019 Infrastructure Bonds					
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:					979,983
479 2018 Infrastructure Bonds					\$9,509,969
Current year beginning fund balance					

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2019
 With Comparative Totals For December 31, 2018

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Assets				
Cash and investments	\$486,661	\$88,820	\$165,718	\$ -
Due from other governmental units	35,419	-	5,549	-
Accounts receivable	63,208	1,694	1,831	69,725
Prepaid items	16,195	1,637	1,056	5,574
Taxes receivable - delinquent	21,126	-	-	-
Total assets	\$622,609	\$92,151	\$174,154	\$75,299
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$15,633	\$8,206	\$4,755	\$46,488
Accrued wages payable	24,035	-	4,639	17,987
Due to other governmental units	3,820	-	109	1,831
Due to component units	2,246	1,448	1,596	18,501
Due to other funds	35	-	-	78,070
Deposits payable	-	8,725	4,262	-
Interfund loan payable	-	-	-	80,669
Unearned revenue	634	-	6,195	7,949
Total liabilities	46,403	18,379	21,556	251,495
Deferred inflows of resources:				
Unavailable revenue	21,126	-	-	-
Total deferred inflows of resources	21,126	0	0	0
Fund balance (deficit):				
Nonspendable	16,195	1,637	1,056	5,574
Restricted	-	-	86,549	-
Committed	538,885	72,135	64,993	-
Unassigned	-	-	-	(181,770)
Total fund balance (deficit)	555,080	73,772	152,598	(176,196)
Total liabilities, deferred inflows of resources, and fund balance	\$622,609	\$92,151	\$174,154	\$75,299

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2019	2018
\$ -	\$76,450	\$99,018	\$3,070	\$919,737	\$891,224
17,194	-	156	9,490	67,808	66,169
-	-	750	-	137,208	119,380
-	-	5,886	725	31,073	32,025
-	-	5,799	-	26,925	20,955
<u>\$17,194</u>	<u>\$76,450</u>	<u>\$111,609</u>	<u>\$13,285</u>	<u>\$1,182,751</u>	<u>\$1,129,753</u>
\$2,026	\$ -	\$70	\$112	\$77,290	\$83,920
507	-	4,886	1,756	53,810	53,528
-	-	96	160	6,016	4,070
-	-	217	634	24,642	25,236
13,652	-	-	-	91,757	59,717
-	-	-	-	12,987	7,101
-	-	-	-	80,669	94,879
-	-	150	-	14,928	28,360
<u>16,185</u>	<u>0</u>	<u>5,419</u>	<u>2,662</u>	<u>362,099</u>	<u>356,811</u>
-	-	5,799	-	26,925	20,955
<u>0</u>	<u>0</u>	<u>5,799</u>	<u>0</u>	<u>26,925</u>	<u>20,955</u>
-	-	5,886	725	31,073	32,025
1,009	76,450	-	-	164,008	154,331
-	-	94,505	9,898	780,416	736,371
-	-	-	-	(181,770)	(170,740)
<u>1,009</u>	<u>76,450</u>	<u>100,391</u>	<u>10,623</u>	<u>793,727</u>	<u>751,987</u>
<u>\$17,194</u>	<u>\$76,450</u>	<u>\$111,609</u>	<u>\$13,285</u>	<u>\$1,182,751</u>	<u>\$1,129,753</u>

CITY OF GRAND RAPIDS, MINNESOTASUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended December 31, 2019

With Comparative Totals For The Year Ended December 31, 2018

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Revenues:				
General property taxes	\$660,433	\$ -	\$ -	\$ -
Intergovernmental	34,368	-	86,488	-
Charges for services	188,347	71,000	125,923	741,158
Fines and forfeits	11,135	-	-	-
Investment income	10,239	732	2,766	-
Contributions and donations	41,714	-	-	-
Other	-	1,250	2,211	-
Total revenues	<u>946,236</u>	<u>72,982</u>	<u>217,388</u>	<u>741,158</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	224,136	-
Culture and recreation	901,804	108,068	-	752,645
Capital outlay	8,521	-	33,140	-
Total expenditures	<u>910,325</u>	<u>108,068</u>	<u>257,276</u>	<u>752,645</u>
Revenues over (under) expenditures	<u>35,911</u>	<u>(35,086)</u>	<u>(39,888)</u>	<u>(11,487)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	5,859	-
Insurance recoveries	-	2,244	-	-
Transfers in	-	44,230	20,000	-
Total other financing sources (uses)	<u>0</u>	<u>46,474</u>	<u>25,859</u>	<u>0</u>
Net change in fund balance	35,911	11,388	(14,029)	(11,487)
Fund balance (deficit) - January 1	<u>519,169</u>	<u>62,384</u>	<u>166,627</u>	<u>(164,709)</u>
Fund balance (deficit) - December 31	<u><u>\$555,080</u></u>	<u><u>\$73,772</u></u>	<u><u>\$152,598</u></u>	<u><u>(\$176,196)</u></u>

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2019	2018
\$ -	\$ -	\$191,536	\$ -	\$851,969	\$837,587
70,388	2,600	9,910	3,000	206,754	223,358
-	-	36,831	-	1,163,259	1,135,962
-	7,149	-	36,288	54,572	60,237
-	1,127	932	-	15,796	5,989
-	-	-	100	41,814	40,079
3,109	-	420	1	6,991	4,131
<u>73,497</u>	<u>10,876</u>	<u>239,629</u>	<u>39,389</u>	<u>2,341,155</u>	<u>2,307,343</u>
73,497	6,275	-	62,065	141,837	143,832
-	-	227,274	-	451,410	454,080
-	-	-	-	1,762,517	1,783,078
-	-	-	-	41,661	62,711
<u>73,497</u>	<u>6,275</u>	<u>227,274</u>	<u>62,065</u>	<u>2,397,425</u>	<u>2,443,701</u>
0	4,601	12,355	(22,676)	(56,270)	(136,088)
-	-	-	-	5,859	-
-	-	-	-	2,244	5,493
-	-	-	25,677	89,907	114,226
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,677</u>	<u>98,010</u>	<u>119,719</u>
0	4,601	12,355	3,001	41,740	(16,369)
1,009	71,849	88,036	7,622	751,987	768,356
<u>\$1,009</u>	<u>\$76,450</u>	<u>\$100,391</u>	<u>\$10,623</u>	<u>\$793,727</u>	<u>\$751,987</u>

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NONMAJOR DEBT SERVICE FUNDS

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

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

- General Debt Bonds
- Tax Increment Bonds
- Improvement Bonds

General Debt Bonds are repaid primarily from general property taxes.

Tax Increment Bonds are repaid primarily from tax increment collections.

Improvement Bonds are repaid primarily from special assessments.

CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2019
 With Comparative Totals For December 31, 2018

	301 Debt Service Reserve	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A
Assets				
Cash and investments	\$5,093	\$1,056,763	\$344,576	\$287,606
Special assessments:				
Delinquent	-	25,930	577	-
Deferred	-	152,764	155,923	-
Special deferred	-	130,038	-	679,177
Total assets	\$5,093	\$1,365,495	\$501,076	\$966,783
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$450	\$ -	\$ -
Total liabilities	0	450	0	0
Deferred inflows of resources:				
Unavailable revenue	-	308,732	156,500	679,177
Total deferred inflows of resources	0	308,732	156,500	679,177
Fund balance:				
Restricted	5,093	1,056,313	344,576	287,606
Total fund balance	5,093	1,056,313	344,576	287,606
Total liabilities, deferred inflows of resources, and fund balance	\$5,093	\$1,365,495	\$501,076	\$966,783

354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$14,533	\$755,280	\$146,121	\$359,230	\$818,034	\$4,411
-	2,447	-	547	6,244	-
-	209,434	35,813	147,744	185,823	-
-	-	-	-	5,152	-
<u>\$14,533</u>	<u>\$967,161</u>	<u>\$181,934</u>	<u>\$507,521</u>	<u>\$1,015,253</u>	<u>\$4,411</u>
<u>\$375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>375</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
-	211,881	35,813	148,291	197,219	-
<u>0</u>	<u>211,881</u>	<u>35,813</u>	<u>148,291</u>	<u>197,219</u>	<u>0</u>
14,158	755,280	146,121	359,230	818,034	4,411
<u>14,158</u>	<u>755,280</u>	<u>146,121</u>	<u>359,230</u>	<u>818,034</u>	<u>4,411</u>
<u>\$14,533</u>	<u>\$967,161</u>	<u>\$181,934</u>	<u>\$507,521</u>	<u>\$1,015,253</u>	<u>\$4,411</u>

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2019
With Comparative Totals For December 31, 2018

	364 Improvement Refunding Bonds of 2013A	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights
Assets							
Cash and investments	\$476,549	\$960,000	\$408,873	\$314,325	\$385,879	\$47,147	\$37,137
Special assessments:							
Delinquent	3,409	17,525	-	894	576	-	-
Deferred	50,709	225,145	86,261	163,102	176,842	-	-
Special deferred	303,823	1,175	-	-	3,292	-	-
Total assets	\$834,490	\$1,203,845	\$495,134	\$478,321	\$566,589	\$47,147	\$37,137
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$22,081	\$15,929
Total liabilities	0	0	0	0	0	22,081	15,929
Deferred inflows of resources:							
Unavailable revenue	357,941	243,845	86,261	163,996	180,710	-	-
Total deferred inflows of resources	357,941	243,845	86,261	163,996	180,710	0	0
Fund balance:							
Restricted	476,549	960,000	408,873	314,325	385,879	25,066	21,208
Total fund balance	476,549	960,000	408,873	314,325	385,879	25,066	21,208
Total liabilities, deferred inflows of resources, and fund balance	\$834,490	\$1,203,845	\$495,134	\$478,321	\$566,589	\$47,147	\$37,137

371 TIF 1-6 Old Hospital Housing Bonds	372 TIF 1-7 Block 37 Redevelopment	373 TIF 1-6 Old Hospital Housing Paygo	375 TIF 1-4 Oakwood Terrace	376 TIF 1-10 River Hills	Totals Nonmajor Debt Service Funds	
					2019	2018
\$81,792	\$22,839	\$26,276	\$436,654	\$53,496	\$7,042,614	\$7,144,966
-	-	-	-	-	58,149	90,362
-	-	-	-	-	1,589,560	1,965,769
-	-	-	-	-	1,122,657	467,522
<u>\$81,792</u>	<u>\$22,839</u>	<u>\$26,276</u>	<u>\$436,654</u>	<u>\$53,496</u>	<u>\$9,812,980</u>	<u>\$9,668,619</u>
\$ -	\$7,538	\$13,159	\$ -	\$38,687	\$98,219	\$92,089
0	7,538	13,159	0	38,687	98,219	92,089
-	-	-	-	-	2,770,366	2,523,653
0	0	0	0	0	2,770,366	2,523,653
81,792	15,301	13,117	436,654	14,809	6,944,395	7,052,877
81,792	15,301	13,117	436,654	14,809	6,944,395	7,052,877
<u>\$81,792</u>	<u>\$22,839</u>	<u>\$26,276</u>	<u>\$436,654</u>	<u>\$53,496</u>	<u>\$9,812,980</u>	<u>\$9,668,619</u>

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2019
With Comparative Totals For The Year Ended December 31, 2018

	301 Debt Service Reserve	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	309 Equipment Certificates of 2009D
Revenues:					
Taxes:					
General property	\$ -	\$231,593	\$144,389	\$ -	\$ -
Tax abatement	-	-	-	-	-
Tax increments	-	-	-	-	-
Intergovernmental:					
State:					
Supplemental aid	-	12,070	7,525	-	-
MSA	-	-	-	-	-
IRRRB grant	-	-	-	250,000	-
Federal BAB credit	-	-	-	-	1,075
Special assessments	-	68,308	26,728	37,221	-
Investment income	76	13,636	4,069	385	-
Other	-	-	-	-	-
Total revenues	76	325,607	182,711	287,606	1,075
Expenditures:					
General government:					
Current:					
Contractual services	-	-	-	-	-
Developer assistance	-	-	-	-	-
Decertify TIF districts	-	-	-	-	-
Debt service:					
Principal retirement	-	440,000	-	-	135,000
Interest	-	59,849	47,118	-	3,274
Paying agent fees	-	450	500	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	0	500,299	47,618	0	138,274
Revenues over (under) expenditures	76	(174,692)	135,093	287,606	(137,199)
Other financing sources (uses):					
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	(71,296)
Total other financing sources (uses)	0	0	0	0	(71,296)
Net change in fund balance	76	(174,692)	135,093	287,606	(208,495)
Fund balance (deficit) - January 1	5,017	1,231,005	209,483	-	208,495
Fund balance (deficit) - December 31	\$5,093	\$1,056,313	\$344,576	\$287,606	\$0

354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$ -	\$284,488	\$50,751	\$31,723	\$94,967	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	14,827	2,645	1,653	4,950	-
85,650	-	-	-	-	321,443
-	-	-	-	-	-
-	36,772	-	-	-	-
-	51,474	6,193	73,610	44,492	-
346	8,881	1,786	4,713	11,267	547
-	-	-	-	-	-
85,996	396,442	61,375	111,699	155,676	321,990
293	291	294	292	294	292
-	-	-	-	-	-
-	-	-	-	-	-
75,000	315,000	55,000	120,000	145,000	270,000
10,650	112,009	14,884	17,950	39,030	51,443
375	400	400	525	525	525
-	-	-	-	-	-
86,318	427,700	70,578	138,767	184,849	322,260
(322)	(31,258)	(9,203)	(27,068)	(29,173)	(270)
-	-	-	-	-	-
-	-	-	-	-	-
0	0	0	0	0	0
(322)	(31,258)	(9,203)	(27,068)	(29,173)	(270)
14,480	786,538	155,324	386,298	847,207	4,681
\$14,158	\$755,280	\$146,121	\$359,230	\$818,034	\$4,411

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended December 31, 2019
With Comparative Totals For The Year Ended December 31, 2018

	364 Improvement Refunding Bonds of 2013A	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights
Revenues:							
Taxes:							
General property	\$47,721	\$105,790	\$268,048	\$139,385	\$158,684	\$ -	\$ -
Tax abatement	19,992	-	-	-	-	44,162	-
Tax increments	-	-	-	-	-	-	35,399
Intergovernmental:							
State:							
Supplemental aid	2,487	5,514	13,970	7,265	-	-	-
MSA	-	-	-	-	8,271	-	-
IRRRB grant	-	-	-	-	-	-	-
Federal BAB credit	-	-	-	-	-	-	-
Special assessments	75,733	42,384	10,808	21,855	27,484	-	-
Investment income	5,981	12,574	4,151	3,584	4,550	486	371
Other	-	-	-	-	-	-	-
Total revenues	<u>151,914</u>	<u>166,262</u>	<u>296,977</u>	<u>172,089</u>	<u>198,989</u>	<u>44,648</u>	<u>35,770</u>
Expenditures:							
General government:							
Current:							
Contractual services	293	294	291	-	-	-	258
Developer assistance	-	-	-	-	-	44,162	31,859
Decertify TIF districts	-	-	-	-	-	-	-
Debt service:							
Principal retirement	200,000	245,000	235,000	130,000	90,000	-	-
Interest	5,505	94,713	47,101	40,460	65,625	-	-
Paying agent fees	750	500	500	450	450	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>206,548</u>	<u>340,507</u>	<u>282,892</u>	<u>170,910</u>	<u>156,075</u>	<u>44,162</u>	<u>32,117</u>
Revenues over (under) expenditures	<u>(54,634)</u>	<u>(174,245)</u>	<u>14,085</u>	<u>1,179</u>	<u>42,914</u>	<u>486</u>	<u>3,653</u>
Other financing sources (uses):							
Transfer in	-	150,000	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>(54,634)</u>	<u>(24,245)</u>	<u>14,085</u>	<u>1,179</u>	<u>42,914</u>	<u>486</u>	<u>3,653</u>
Fund balance (deficit) - January 1	<u>531,183</u>	<u>984,245</u>	<u>394,788</u>	<u>313,146</u>	<u>342,965</u>	<u>24,580</u>	<u>17,555</u>
Fund balance (deficit) - December 31	<u>\$476,549</u>	<u>\$960,000</u>	<u>\$408,873</u>	<u>\$314,325</u>	<u>\$385,879</u>	<u>\$25,066</u>	<u>\$21,208</u>

371 TIF 1-6 Old Hospital Housing Bonds	372 TIF 1-7 Block 37 Redevelopment	373 TIF 1-6 Old Hospital Housing Paygo	375 TIF 1-4 Oakwood Terrace	376 TIF 1-10 River Hills	380 TIF 1-9 Majestic Pines	Totals Nonmajor Debt Service Funds	
						2019	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,557,539	\$1,545,320
-	-	-	-	-	-	64,154	63,560
56,807	16,751	27,074	29,307	91,338	-	256,676	362,771
-	-	1,084	-	-	-	73,990	81,012
-	-	-	-	-	-	415,364	417,209
-	-	-	-	-	-	250,000	-
-	-	-	-	-	-	37,847	44,438
-	-	-	-	-	-	486,290	735,088
833	256	237	6,281	357	-	85,367	63,626
-	-	-	-	-	-	-	-
57,640	17,007	28,395	35,588	91,695	0	3,227,227	3,313,024
344	258	-	171	549	-	4,214	9,752
-	15,076	25,343	-	82,204	-	198,644	237,127
-	-	-	-	-	95,693	95,693	-
25,000	-	-	-	-	-	2,480,000	5,420,000
19,901	-	-	-	-	-	629,512	669,089
-	-	-	-	-	-	6,350	6,250
-	-	-	-	-	-	-	-
45,245	15,334	25,343	171	82,753	95,693	3,414,413	6,342,218
12,395	1,673	3,052	35,417	8,942	(95,693)	(187,186)	(3,029,194)
-	-	-	-	-	-	150,000	1,168,053
-	-	-	-	-	-	(71,296)	(862,784)
0	0	0	0	0	0	78,704	305,269
12,395	1,673	3,052	35,417	8,942	(95,693)	(108,482)	(2,723,925)
69,397	13,628	10,065	401,237	5,867	95,693	7,052,877	9,776,802
\$81,792	\$15,301	\$13,117	\$436,654	\$14,809	\$0	\$6,944,395	\$7,052,877

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

7th Avenue Bridge Rehabilitation – accounts for 7th Avenue bridge rehabilitation.

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

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

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

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CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2019
 With Comparative Totals For December 31, 2018

	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
Assets			
Cash and investments	\$189,522	\$98,848	\$ -
Due from other governmental units	-	-	172,749
Due from component units	-	-	-
Pledges receivable	-	-	-
Prepaid items	-	-	-
Special assessments receivable:			
Delinquent	-	-	-
Deferred	-	-	-
Special deferred	-	-	-
Total assets	\$189,522	\$98,848	\$172,749
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$28,288
Contracts payable	-	-	-
Due to other funds	-	-	59,512
Due to component units	-	-	-
Due to other governments	-	29	-
Unearned Revenue	-	-	-
Total liabilities	0	29	87,800
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources	0	0	0
Fund balance (deficit):			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	189,522	98,819	84,949
Unassigned	-	-	-
Total fund balance (deficit)	189,522	98,819	84,949
Total liabilities, deferred inflows of resources, and fund balance	\$189,522	\$98,848	\$172,749

CITY OF GRAND RAPIDS, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2019

With Comparative Totals For December 31, 2018

	418 GR Arts and Culture Capital Project	429 IRA Civic Center Projects	479 2018 Infrastructure Bonds
Assets			
Cash and investments	\$44,886	\$ -	\$100,525
Due from other governmental units	-	-	-
Due from component units	-	-	84,020
Pledges receivable	-	92,473	-
Prepaid items	-	-	4,621
Special assessments receivable:			
Delinquent	-	-	-
Deferred	-	-	-
Special deferred	-	-	-
Total assets	\$44,886	\$92,473	\$189,166
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$1,937
Contracts payable	-	-	-
Due to other funds	-	102,910	-
Due to component units	-	-	-
Due to other governments	-	-	-
Unearned Revenue	-	-	-
Total liabilities	0	102,910	1,937
Deferred inflows of resources:			
Unavailable revenue	-	92,473	-
Total deferred inflows of resources	0	92,473	0
Fund balance (deficit):			
Nonspendable	-	-	4,621
Restricted	-	-	-
Assigned	44,886	-	182,608
Unassigned	-	(102,910)	-
Total fund balance (deficit)	44,886	(102,910)	187,229
Total liabilities, deferred inflows of resources, and fund balance	\$44,886	\$92,473	\$189,166

481 2020 Infrastructure Bonds	482 2021 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
			2019	2018
\$ -	\$ -	\$186,584	\$620,365	\$747,878
-	-	-	172,749	1,062,807
-	-	62,988	147,008	66,769
-	-	-	92,473	148,242
-	-	-	4,621	-
-	-	11,122	11,122	11,122
-	-	104,788	104,788	116,431
-	-	7,443	7,443	7,443
<u>\$0</u>	<u>\$0</u>	<u>\$372,925</u>	<u>\$1,160,569</u>	<u>\$2,160,692</u>
\$8,459	\$ -	\$ -	\$38,684	\$114,673
-	-	-	-	52,658
232,277	11,341	-	406,040	880,138
-	-	-	-	962
-	-	-	29	46
-	-	-	-	550
<u>240,736</u>	<u>11,341</u>	<u>0</u>	<u>444,753</u>	<u>1,049,027</u>
-	-	123,353	215,826	283,238
<u>0</u>	<u>0</u>	<u>123,353</u>	<u>215,826</u>	<u>283,238</u>
-	-	-	4,621	-
-	-	-	-	5,357
-	-	249,572	850,356	1,130,470
(240,736)	(11,341)	-	(354,987)	(307,400)
<u>(240,736)</u>	<u>(11,341)</u>	<u>249,572</u>	<u>499,990</u>	<u>828,427</u>
<u>\$0</u>	<u>\$0</u>	<u>\$372,925</u>	<u>\$1,160,569</u>	<u>\$2,160,692</u>

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CITY OF GRAND RAPIDS, MINNESOTA
 SUBCOMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR CAPITAL PROJECT FUNDS
 For The Year Ended December 31, 2019
 With Comparative Totals For The Year Ended December 31, 2018

	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
Revenues:			
Intergovernmental:			
State:			
MSA	\$53,762	\$ -	\$ -
Other	-	-	-
Other intergovernmental	-	-	665,398
Special assessments	-	-	-
Investment income	3,522	1,352	-
Contributions and donations	-	14,600	-
Reimbursement from component unit	-	-	-
Other	-	-	-
Total revenues	<u>57,284</u>	<u>15,952</u>	<u>665,398</u>
Expenditures:			
Current:			
General government	-	-	-
Public works	9,487	-	2,486
Culture and recreation	-	26,424	-
Capital outlay/construction	83,369	99,092	665,529
Debt service:			
Bond issuance costs	-	-	-
Total expenditures	<u>92,856</u>	<u>125,516</u>	<u>668,015</u>
Revenues over (under) expenditures	<u>(35,572)</u>	<u>(109,564)</u>	<u>(2,617)</u>
Other financing sources (uses):			
Sale of capital assets	-	188,500	-
Transfers in	-	-	16,750
Transfers out	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>188,500</u>	<u>16,750</u>
Net change in fund balance	(35,572)	78,936	14,133
Fund balance (deficit) - January 1	<u>225,094</u>	<u>19,883</u>	<u>70,816</u>
Fund balance (deficit) - December 31	<u>\$189,522</u>	<u>\$98,819</u>	<u>\$84,949</u>

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2019
With Comparative Totals For The Year Ended December 31, 2018

	418 GR Arts and Culture Capital Project	429 IRA Civic Center Projects	431 7th Ave Bridge Rehab
Revenues:			
Intergovernmental:			
State:			
MSA	\$ -	\$ -	\$ -
Other	21,988	-	-
Other intergovernmental	-	-	-
Special assessments	-	-	-
Investment income	323	-	-
Contributions and donations	550	55,770	-
Reimbursement from component unit	-	-	-
Other	-	-	-
Total revenues	<u>22,861</u>	<u>55,770</u>	<u>0</u>
Expenditures:			
Current:			
General government	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Capital outlay/construction	77,063	14	-
Debt service:			
Bond issuance costs	-	-	-
Total expenditures	<u>77,063</u>	<u>14</u>	<u>0</u>
Revenues over (under) expenditures	<u>(54,202)</u>	<u>55,756</u>	<u>0</u>
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	43,989	-	-
Transfers out	(2,385)	-	(155,652)
Total other financing sources (uses)	<u>41,604</u>	<u>0</u>	<u>(155,652)</u>
Net change in fund balance	(12,598)	55,756	(155,652)
Fund balance (deficit) - January 1	<u>57,484</u>	<u>(158,666)</u>	<u>155,652</u>
Fund balance (deficit) - December 31	<u>\$44,886</u>	<u>(\$102,910)</u>	<u>\$0</u>

458 2000 Infrastructure Other	479 2018 Infrastructure Bonds	481 2020 Infrastructure Bonds	482 2021 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
					2019	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$53,762	\$63,084
-	-	-	-	-	21,988	6,512
-	-	-	-	-	665,398	1,354,143
-	-	-	-	15,065	15,065	15,408
-	-	-	-	3,514	8,711	6,411
-	-	-	-	-	70,920	139,050
-	84,020	-	-	-	84,020	110,828
-	1,102	-	-	-	1,102	-
0	85,122	0	0	18,579	920,966	1,695,436
5,357	-	-	-	11,131	16,488	30,065
-	-	-	-	-	11,973	10,003
-	-	-	-	-	26,424	122,995
-	1,011,286	240,736	11,341	81,472	2,269,902	1,784,145
-	-	-	-	-	-	-
5,357	1,011,286	240,736	11,341	92,603	2,324,787	1,947,208
(5,357)	(926,164)	(240,736)	(11,341)	(74,024)	(1,403,821)	(251,772)
-	-	-	-	-	188,500	-
-	133,410	-	-	-	194,149	510,261
-	-	-	-	(25,906)	(183,943)	(546,568)
0	133,410	0	0	(25,906)	198,706	(36,307)
(5,357)	(792,754)	(240,736)	(11,341)	(99,930)	(1,205,115)	(288,079)
5,357	979,983	-	-	349,502	1,705,105	1,116,506
\$0	\$187,229	(\$240,736)	(\$11,341)	\$249,572	\$499,990	\$828,427

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

Prior year ending fund balance reported above	\$828,427
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
401 General Capital Improvement Projects	(252,039)
480 2019 Infrastructure Bonds	148,734
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
479 2018 Infrastructure Bonds	979,983
Current year beginning fund balance	\$1,705,105

\$0

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INDIVIDUAL BUDGET TO ACTUAL STATEMENTS

SPECIAL REVENUE FUNDS

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 211 PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2019
With Comparative Actual Amounts For The Year Ended December 31, 2018

Statement 27

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
General property taxes	\$685,606	\$668,525	\$660,433	\$653,275
Intergovernmental:				
State:				
Supplemental aid	17,081	34,162	34,162	37,441
Other	-	-	206	10,021
Charges for services:				
Townships	128,000	128,000	133,463	131,961
Other	57,382	57,382	54,884	56,261
Fines and forfeits	12,000	12,000	11,135	11,309
Investment income	4,300	4,300	10,239	2,177
Contributions and donations	11,700	11,700	41,714	35,079
Miscellaneous	-	-	-	450
Total revenues	<u>916,069</u>	<u>916,069</u>	<u>946,236</u>	<u>937,974</u>
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	687,432	687,432	669,435	668,810
Materials and supplies	87,700	87,700	88,287	95,838
Other services and charges	134,490	134,490	144,082	149,025
Total current	<u>909,622</u>	<u>909,622</u>	<u>901,804</u>	<u>913,673</u>
Capital outlay	-	-	8,521	20,041
Total expenditures	<u>909,622</u>	<u>909,622</u>	<u>910,325</u>	<u>933,714</u>
Revenues over (under) expenditures	6,447	6,447	35,911	4,260
Other financing sources:				
Insurance recoveries	-	-	-	-
Net change in fund balance	<u>\$6,447</u>	<u>\$6,447</u>	35,911	4,260
Fund balance - January 1			<u>519,169</u>	<u>514,909</u>
Fund balance - December 31			<u>\$555,080</u>	<u>\$519,169</u>

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 225 CENTRAL SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2019
With Comparative Actual Amounts For The Year Ended December 31, 2018

Statement 28

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services:				
Rent	\$60,090	\$60,090	\$71,000	\$56,389
Other	-	-	-	14
Investment income	-	-	732	316
Other	-	-	1,250	575
Total revenues	<u>60,090</u>	<u>60,090</u>	<u>72,982</u>	<u>57,294</u>
Expenditures:				
Culture and recreation:				
Current:				
Materials and supplies	2,500	2,500	2,479	2,847
Other services and charges	101,820	101,820	105,589	105,295
Capital Outlay	-	-	-	-
Total expenditures	<u>104,320</u>	<u>104,320</u>	<u>108,068</u>	<u>108,142</u>
Revenues over (under) expenditures	(44,230)	(44,230)	(35,086)	(50,848)
Other financing sources:				
Insurance recoveries	-	-	2,244	-
Transfer in	44,230	44,230	44,230	56,361
Total other financing sources (uses)	<u>44,230</u>	<u>44,230</u>	<u>46,474</u>	<u>56,361</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	11,388	5,513
Fund balance - January 1			<u>62,384</u>	<u>56,871</u>
Fund balance - December 31			<u><u>\$73,772</u></u>	<u><u>\$62,384</u></u>

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 226 AIRPORT OPERATIONS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2019
With Comparative Actual Amounts For The Year Ended December 31, 2018

Statement 29

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services:				
Rent	\$109,600	\$109,600	\$118,181	\$117,555
Other	5,300	5,300	7,742	56,444
Intergovernmental:				
State operations reimbursement	66,488	66,488	66,488	66,488
Itasca County	20,000	20,000	20,000	20,000
Investment income	1,700	1,700	2,766	2,159
Other	-	-	2,211	-
Total revenues	<u>203,088</u>	<u>203,088</u>	<u>217,388</u>	<u>262,646</u>
Expenditures:				
Public works:				
Current:				
Personnel services	88,144	88,144	100,567	94,105
Materials and supplies	18,800	18,800	16,724	12,599
Other services and charges	116,144	116,144	106,845	112,459
Total current	<u>223,088</u>	<u>223,088</u>	<u>224,136</u>	<u>219,163</u>
Capital outlay	-	-	33,140	42,670
Total expenditures	<u>223,088</u>	<u>223,088</u>	<u>257,276</u>	<u>261,833</u>
Revenues over (under) expenditures	(20,000)	(20,000)	(39,888)	(49,987)
Other financing sources:				
Sale of capital assets	-	-	5,859	-
Transfer in	20,000	20,000	20,000	20,000
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>25,859</u>	<u>20,000</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(14,029)	(29,987)
Fund balance - January 1			<u>166,627</u>	<u>196,614</u>
Fund balance - December 31			<u>\$152,598</u>	<u>\$166,627</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 228 IRA CIVIC CENTER

Statement 30

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2019

With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services:				
Rent	\$555,000	\$555,000	\$562,052	\$526,840
Concessions	108,000	108,000	88,635	100,329
Advertising	78,000	78,000	74,684	76,684
Other	19,100	19,100	15,787	17,483
Investment income	-	-	-	23
Total revenues	<u>760,100</u>	<u>760,100</u>	<u>741,158</u>	<u>721,359</u>
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	359,272	359,272	369,845	361,086
Materials and supplies	81,100	81,100	73,552	80,308
Other services and charges	293,300	293,300	309,248	287,134
Capital outlay	-	-	-	-
Total expenditures	<u>733,672</u>	<u>733,672</u>	<u>752,645</u>	<u>728,528</u>
Revenues over (under) expenditures	<u>26,428</u>	<u>26,428</u>	<u>(11,487)</u>	<u>(7,169)</u>
Other financing sources (uses):				
Insurance recoveries	-	-	-	5,493
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,493</u>
Net change in fund balance	<u>\$26,428</u>	<u>\$26,428</u>	(11,487)	(1,676)
Fund balance (deficit) - January 1			<u>(164,709)</u>	<u>(163,033)</u>
Fund balance (deficit) - December 31			<u>(\$176,196)</u>	<u>(\$164,709)</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 230 RECREATION PROGRAMS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2019
 With Comparative Actual Amounts For The Year Ended December 31, 2018

Statement 31

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services:				
Fees	\$ -	\$ -	\$ -	\$11,486
Contributions	-	-	-	5,000
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,486</u>
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	-	-	-	23,865
Materials and supplies	-	-	-	898
Other services and charges	-	-	-	7,972
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,735</u>
Revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,249)</u>
Other financing sources (uses):				
Transfers in	-	-	-	14,325
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,325</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	0	(1,924)
Fund balance (deficit) - January 1			-	1,924
Fund balance (deficit) - December 31			<u>\$0</u>	<u>\$0</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 231 HAZ-MAT

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2019

With Comparative Actual Amounts For The Year Ended December 31, 2018

Statement 32

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Other Revenue	\$ -	\$ -	\$3,109	\$ -
Intergovernmental:				
State:				
Haz-Mat reimbursement	60,000	60,000	70,388	78,829
Total revenues	60,000	60,000	73,497	78,829
Expenditures:				
Public safety:				
Current:				
Personnel services	26,200	26,200	21,079	32,688
Materials and supplies	13,800	13,800	25,146	9,119
Other services and charges	20,000	20,000	27,272	36,986
Capital outlay	-	-	-	-
Total expenditures	60,000	60,000	73,497	78,793
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	0	36
Fund balance - January 1			1,009	973
Fund balance - December 31			<u>\$1,009</u>	<u>\$1,009</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 232 POLICE FORFEITURE

Statement 33

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2019

With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$2,600	\$ -
Fines and forfeits	10,000	10,000	7,149	12,556
Investment income	-	-	1,127	665
Miscellaneous	500	500	-	-
Total revenues	<u>10,500</u>	<u>10,500</u>	<u>10,876</u>	<u>13,221</u>
Expenditures:				
Public safety:				
Current:				
Materials and supplies	3,500	3,500	422	55
Other services and charges	2,000	2,000	5,853	5,000
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>6,275</u>	<u>5,055</u>
Revenues over (under) expenditures	5,000	5,000	4,601	8,166
Other financing sources:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$5,000</u>	<u>\$5,000</u>	4,601	8,166
Fund balance - January 1			<u>71,849</u>	<u>63,683</u>
Fund balance - December 31			<u>\$76,450</u>	<u>\$71,849</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 233 CEMETERY

Statement 34

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2019

With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
General property taxes	\$203,540	\$203,540	\$191,536	\$184,582
Intergovernmental:				
State:				
Supplemental aid	-	-	9,910	10,579
Charges for services:				
Cemetery	36,800	36,800	36,831	35,316
Investment income	300	300	932	649
Other	1,500	1,500	420	3,033
Total revenues	<u>242,140</u>	<u>242,140</u>	<u>239,629</u>	<u>234,159</u>
Expenditures:				
Public works:				
Current:				
Personnel services	184,140	184,140	191,421	187,693
Materials and supplies	14,600	14,600	9,405	13,071
Other services and charges	43,400	43,400	26,448	34,153
Total expenditures	<u>242,140</u>	<u>242,140</u>	<u>227,274</u>	<u>234,917</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	12,355	(758)
Fund balance - January 1			<u>88,036</u>	<u>88,794</u>
Fund balance - December 31			<u>\$100,391</u>	<u>\$88,036</u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 235 DOMESTIC ANIMAL CONTROL FACILITY

Statement 35

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2019

With Comparative Actual Amounts For The Year Ended December 31, 2018

	2019		Actual Amounts	2018 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Fines and forfeits	\$38,700	\$38,700	\$36,288	\$36,372
Donations	-	-	100	-
Miscellaneous	-	-	1	73
Intergovernmental	-	-	3,000	-
Total revenues	<u>38,700</u>	<u>38,700</u>	<u>39,389</u>	<u>36,445</u>
Expenditures:				
Public safety:				
Current:				
Personnel services	47,872	47,872	44,914	42,770
Materials and supplies	3,000	3,000	2,758	2,464
Other services and charges	18,045	18,045	14,393	14,750
Total expenditures	<u>68,917</u>	<u>68,917</u>	<u>62,065</u>	<u>59,984</u>
Revenues over (under) expenditures	(30,217)	(30,217)	(22,676)	(23,539)
Other financing sources:				
Transfers in	<u>30,217</u>	<u>30,217</u>	<u>25,677</u>	<u>23,540</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	3,001	1
Fund balance - January 1			<u>7,622</u>	<u>7,621</u>
Fund balance - December 31			<u>\$10,623</u>	<u>\$7,622</u>

CITY OF GRAND RAPIDS, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 December 31, 2019
 With Comparative Totals For December 31, 2018

Statement 36

	<u>872 Lodging Tax</u>	<u>877 Cable TV Commision</u>	<u>Total</u>
Assets:			
Cash and investments	\$17,834	\$133,577	\$151,411
Receivables:			
Accounts	-	-	-
Total assets	<u>17,834</u>	<u>133,577</u>	<u>151,411</u>
Liabilities:			
Accounts payable	<u>17,834</u>	<u>133,577</u>	<u>151,411</u>
Total liabilities	<u>17,834</u>	<u>133,577</u>	<u>151,411</u>
Net position:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND RAPIDS, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Statement 37

CUSTODIAL FUNDS

For The Year Ended December 31, 2019

With Comparative Totals For The Year Ended December 31, 2018

	872 Lodging Tax	877 Cable TV Commision	Totals	
			2019	2018
Additions:				
Lodging tax collections	\$339,818	\$ -	\$339,818	\$325,957
Cable franchise fee collections	-	280,069	280,069	235,098
Total additions	<u>339,818</u>	<u>280,069</u>	<u>619,887</u>	<u>561,055</u>
Deductions:				
Payments to other entities	322,667	272,065	594,732	536,009
Administrative fees	17,151	8,004	25,155	25,046
Total deductions	<u>339,818</u>	<u>280,069</u>	<u>619,887</u>	<u>561,055</u>
Net increase (decrease) in fiduciary net position	-	-	-	-
Net position - beginning	-	-	-	-
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPONENT UNIT

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

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
 December 31, 2019
 With Comparative Totals For December 31, 2018

Statement 38

Assets	General	Capital Project	Totals	
			2019	2018
Cash and investments	\$17,096	\$731,791	\$748,887	\$762,931
Accounts receivable	-	66,832	66,832	77,489
Due from other governmental units	-	995	995	1,034
Inventory - land held for resale	-	2,995,877	2,995,877	2,316,697
Notes receivable	-	460,353	460,353	423,544
Total assets	\$17,096	\$4,255,848	\$4,272,944	\$3,581,695
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$24,067	\$24,067	\$21,996
Deposits payable	-	1,518	1,518	-
Due to other governmental units	-	120,730	120,730	136,115
Total liabilities	0	146,315	146,315	158,111
Deferred inflows of resources:				
Unavailable revenue	-	3,461,223	3,461,223	2,746,416
Total deferred inflows of resources	0	3,461,223	3,461,223	2,746,416
Fund balance:				
Assigned	-	648,310	648,310	646,200
Unassigned	17,096	-	17,096	30,968
Total fund balance	17,096	648,310	665,406	677,168
Total liabilities, deferred inflows of resources, and fund balance	\$17,096	\$4,255,848	\$4,272,944	\$3,581,695

CITY OF GRAND RAPIDS, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Statement 39

ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT

For The Year Ended December 31, 2019

With Comparative Totals For The Year Ended December 31, 2018

	General	Capital Project	Totals	
			2019	2018
Revenues:				
General property taxes	\$ -	\$55,754	\$55,754	\$55,336
Intergovernmental	-	301,213	301,213	543,986
Charges for services	-	13,143	13,143	13,358
Investment income	427	10,607	11,034	7,938
Contributions	-	-	-	1,000
Miscellaneous:				
Loan repayment	-	51,562	51,562	35,480
Other	-	44,596	44,596	14,588
Total revenues	427	476,875	477,302	671,686
Expenditures:				
Economic development:				
Current:				
Materials and supplies	25	-	25	31
Other services and charges	14,274	375,873	390,147	409,592
Loan disbursement	-	93,919	93,919	405,000
Debt service:				
Principal	-	47,964	47,964	44,602
Interest	-	2,009	2,009	2,272
Total expenditures	14,299	519,765	534,064	861,497
Revenues over (under) expenditures	(13,872)	(42,890)	(56,762)	(189,811)
Other financing sources:				
Sale of land held for resale	-	45,000	45,000	-
Proceeds from loan issuance	-	-	-	125,000
Total other financial sources	-	45,000	45,000	125,000
Net change in fund balance	(13,872)	2,110	(11,762)	(64,811)
Fund balance - January 1	30,968	646,200	677,168	741,979
Fund balance - December 31	\$17,096	\$648,310	\$665,406	\$677,168

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF GRAND RAPIDS, MINNESOTA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$19,133,457	\$31,703,299	\$30,975,963	\$31,861,617
Restricted	13,417,300	12,379,387	12,077,081	12,808,310
Unrestricted	8,374,454	5,813,768	7,680,276	7,617,727
Total governmental activities net position	<u>\$40,925,211</u>	<u>\$49,896,454</u>	<u>\$50,733,320</u>	<u>\$52,287,654</u>
Business type activities:				
Net investment in capital assets	\$2,827,242	\$2,793,653	\$2,755,540	\$2,864,018
Restricted	-	-	-	-
Unrestricted	119,244	236,409	339,608	272,420
Total business-type activities net position	<u>\$2,946,486</u>	<u>\$3,030,062</u>	<u>\$3,095,148</u>	<u>\$3,136,438</u>
Primary government:				
Net investment in capital assets	\$21,960,699	\$34,496,952	\$33,731,503	\$34,725,635
Restricted	13,417,300	12,379,387	12,077,081	12,808,310
Unrestricted	8,493,698	6,050,177	8,019,884	7,890,147
Total primary government net position	<u>\$43,871,697</u>	<u>\$52,926,516</u>	<u>\$53,828,468</u>	<u>\$55,424,092</u>

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

Table 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$33,830,578	\$33,884,548	\$36,971,014	\$37,512,555	\$40,214,116	\$42,846,042
10,281,228	9,803,311	10,100,529	13,147,731	10,060,607	10,896,992
4,784,327	4,927,309	2,940,736	(1,186,433)	814,352	1,270,800
<u>\$48,896,133</u>	<u>\$48,615,168</u>	<u>\$50,012,279</u>	<u>\$49,473,853</u>	<u>\$51,089,075</u>	<u>\$55,013,834</u>
\$2,894,190	\$2,841,005	\$2,797,345	\$2,904,137	\$2,954,613	\$2,888,261
-	-	-	-	-	-
424,469	494,673	337,782	14,513	(60,547)	(74,841)
<u>\$3,318,659</u>	<u>\$3,335,678</u>	<u>\$3,135,127</u>	<u>\$2,918,650</u>	<u>\$2,894,066</u>	<u>\$2,813,420</u>
\$36,724,768	\$36,725,553	\$39,768,359	\$40,416,692	\$43,168,729	\$45,734,303
10,281,228	9,803,311	10,100,529	13,147,731	10,060,607	10,896,992
5,208,796	5,421,982	3,278,518	(1,171,920)	753,805	1,195,959
<u>\$52,214,792</u>	<u>\$51,950,846</u>	<u>\$53,147,406</u>	<u>\$52,392,503</u>	<u>\$53,983,141</u>	<u>\$57,827,254</u>

CITY OF GRAND RAPIDS, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$2,407,660	\$2,362,986	\$2,206,280	\$2,420,199
Public safety	2,789,559	2,836,212	2,929,368	3,117,628
Public works	4,841,814	5,390,413	6,772,303	5,601,025
Culture and recreation	2,270,942	2,255,043	2,235,595	2,000,748
Interest and fees on long-term debt	978,289	907,838	921,653	1,309,223
Total governmental activities expenses	<u>13,288,264</u>	<u>13,752,492</u>	<u>15,065,199</u>	<u>14,448,823</u>
Business-type activities:				
Golf course	455,315	549,733	561,484	554,933
Storm water utility	411,849	377,107	341,287	434,932
Total business-type activities expenses	<u>867,164</u>	<u>926,840</u>	<u>902,771</u>	<u>989,865</u>
Total primary government expenses	<u>\$14,155,428</u>	<u>\$14,679,332</u>	<u>\$15,967,970</u>	<u>\$15,438,688</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$457,201	\$401,410	\$434,949	\$590,194
Public safety	388,484	447,864	433,622	478,032
Public works	261,584	432,900	419,069	716,553
Culture and recreation:				
Ice rent	409,234	434,724	440,565	451,836
Other activities	515,812	506,187	521,523	500,351
Operating grants and contributions	1,027,304	1,240,128	1,572,878	1,358,914
Capital grants and contributions	2,463,006	5,349,509	3,737,070	3,439,782
Total governmental activities program revenues	<u>5,522,625</u>	<u>8,812,722</u>	<u>7,559,676</u>	<u>7,535,662</u>
Business-type activities:				
Charges for services:				
Golf course	548,820	553,201	561,653	524,670
Storm water utility	505,336	498,587	498,189	551,049
Operating grants and contributions	-	-	-	-
Capital grants and contributions	97,352	7,995	100	-
Total business-type activities program revenues	<u>1,151,508</u>	<u>1,059,783</u>	<u>1,059,942</u>	<u>1,075,719</u>
Total primary government program revenues	<u>\$6,674,133</u>	<u>\$9,872,505</u>	<u>\$8,619,618</u>	<u>\$8,611,381</u>
Net (expense) revenue:				
Governmental activities	(\$7,765,639)	(\$4,939,770)	(\$7,505,523)	(\$6,913,161)
Business-type activities	<u>284,344</u>	<u>132,943</u>	<u>157,171</u>	<u>85,854</u>
Total primary government net (expense) revenue	<u>(7,481,295)</u>	<u>(4,806,827)</u>	<u>(7,348,352)</u>	<u>(6,827,307)</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$3,701,667	\$2,993,026	\$3,649,895	\$3,096,685	\$3,027,254	\$4,330,097
3,382,829	3,674,182	4,208,454	3,807,777	3,551,574	3,872,939
5,417,245	5,239,892	5,646,605	6,368,065	6,569,274	8,735,821
2,054,143	2,028,067	2,367,449	2,327,649	2,387,392	2,215,769
834,833	740,526	731,702	871,133	662,757	654,344
<u>15,390,717</u>	<u>14,675,693</u>	<u>16,604,105</u>	<u>16,471,309</u>	<u>16,198,251</u>	<u>19,808,970</u>
554,859	598,114	651,127	683,231	628,752	630,928
425,389	440,557	688,176	701,325	755,772	743,983
<u>980,248</u>	<u>1,038,671</u>	<u>1,339,303</u>	<u>1,384,556</u>	<u>1,384,524</u>	<u>1,374,911</u>
<u>\$16,370,965</u>	<u>\$15,714,364</u>	<u>\$17,943,408</u>	<u>\$17,855,865</u>	<u>\$17,582,775</u>	<u>\$21,183,881</u>
\$563,808	\$565,218	\$458,276	\$559,770	\$425,485	\$1,126,227
527,001	561,365	580,225	587,714	614,953	717,861
424,349	323,177	326,167	1,048,588	897,927	469,189
474,909	484,801	496,778	509,811	526,840	562,840
526,763	532,720	551,263	531,064	463,216	450,658
1,980,477	1,615,576	2,262,521	1,179,042	1,878,743	2,536,708
1,757,480	806,243	3,523,916	1,410,953	2,730,703	7,022,082
<u>6,254,787</u>	<u>4,889,100</u>	<u>8,199,146</u>	<u>5,826,942</u>	<u>7,537,867</u>	<u>12,885,565</u>
555,588	589,499	569,276	567,053	582,728	597,184
553,074	563,011	567,357	592,947	718,751	696,628
-	-	-	-	-	-
46,388	-	-	-	-	-
<u>1,155,050</u>	<u>1,152,510</u>	<u>1,136,633</u>	<u>1,160,000</u>	<u>1,301,479</u>	<u>1,293,812</u>
<u>\$7,409,837</u>	<u>\$6,041,610</u>	<u>\$9,335,779</u>	<u>\$6,986,942</u>	<u>\$8,839,346</u>	<u>\$14,179,377</u>
(\$9,135,930)	(\$9,786,593)	(\$8,404,959)	(\$10,644,367)	(\$8,660,384)	(\$6,923,405)
174,802	113,839	(202,670)	(224,556)	(83,045)	(81,099)
<u>(8,961,128)</u>	<u>(9,672,754)</u>	<u>(8,607,629)</u>	<u>(10,868,923)</u>	<u>(8,743,429)</u>	<u>(7,004,504)</u>

CITY OF GRAND RAPIDS, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
General revenues and other changes in net position				
Governmental activities:				
Taxes	\$4,793,026	\$5,180,915	\$5,725,515	\$5,896,074
Payments in lieu of taxes (PILOT)	853,542	854,710	854,998	901,179
Unrestricted grants and contributions	1,452,870	1,470,249	1,382,817	1,442,510
Investment earnings	159,010	184,059	128,235	80,298
Gain on sale of capital assets	4,957	5,360	83,853	67,523
Insurance recoveries	-	-	63,471	26,696
Special item - Grand Rapids / Itasca County Airport	-	6,212,220	-	-
Special item - merger with Grand Rapids Township	574,001	-	-	-
Transfers	(257,467)	3,500	103,500	53,215
Total governmental activities	<u>7,579,939</u>	<u>13,911,013</u>	<u>8,342,389</u>	<u>8,467,495</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	2,271	6,313	5,885	3,385
Gain on sale of capital assets	61,827	-	5,530	5,266
Insurance recoveries	-	-	-	-
Transfers	257,467	(3,500)	(103,500)	(53,215)
Total business-type activities	<u>321,565</u>	<u>2,813</u>	<u>(92,085)</u>	<u>(44,564)</u>
Total primary government	<u>\$7,901,504</u>	<u>\$13,913,826</u>	<u>\$8,250,304</u>	<u>\$8,422,931</u>
Change in net position:				
Government activities	(\$185,700)	\$6,145,374	\$3,402,619	\$961,972
Business-type activities	605,909	287,157	40,858	112,607
Total primary government	<u>\$420,209</u>	<u>\$6,432,531</u>	<u>\$3,443,477</u>	<u>\$1,074,579</u>

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$6,022,589	\$6,640,739	\$6,945,795	\$7,239,603	\$7,354,409	\$7,629,869
903,494	902,766	903,478	906,119	915,788	913,682
1,740,285	1,742,132	1,776,992	1,759,578	1,864,606	1,843,498
122,519	109,041	107,331	121,034	133,871	206,030
6,900	-	14,196	60,429	21,576	199,455
20,924	7,450	50,778	15,678	14,856	19,127
-	-	-	-	-	-
-	-	-	-	-	33,003
3,500	103,500	3,500	3,500	(29,500)	3,500
<u>8,820,211</u>	<u>9,505,628</u>	<u>9,802,070</u>	<u>10,105,941</u>	<u>10,275,606</u>	<u>10,848,164</u>
-	-	-	1,000	-	-
6,919	6,349	5,619	3,884	3,322	3,953
-	331	-	5,750	895	-
4,000	-	-	945	24,744	-
(3,500)	(103,500)	(3,500)	(3,500)	29,500	(3,500)
<u>7,419</u>	<u>(96,820)</u>	<u>2,119</u>	<u>8,079</u>	<u>58,461</u>	<u>453</u>
<u>\$8,827,630</u>	<u>\$9,408,808</u>	<u>\$9,804,189</u>	<u>\$10,114,020</u>	<u>\$10,334,067</u>	<u>\$10,848,617</u>
\$1,907,050	\$369,698	\$15,477	\$1,700,982	(\$368,761)	\$3,924,759
93,273	77,982	115,958	(194,591)	(166,095)	(80,646)
<u>\$2,000,323</u>	<u>\$447,680</u>	<u>\$131,435</u>	<u>\$1,506,391</u>	<u>(\$534,856)</u>	<u>\$3,844,113</u>

CITY OF GRAND RAPIDS, MINNESOTA

FUND BALANCES - GOVERNMENTAL FUNDS⁽¹⁾

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
Reserved	\$497,935	\$ -	\$ -	\$ -
Unreserved	4,443,526	-	-	-
Fund balance:				
Nonspendable	-	1,071,817	882,863	607,301
Restricted	-	15,567	13,186	12,479
Committed	-	76,401	156,520	243,403
Unassigned	-	3,857,416	4,463,866	4,633,494
Total general fund	<u>4,941,461</u>	<u>5,021,201</u>	<u>5,516,435</u>	<u>5,496,677</u>
All other governmental funds:				
Reserved	7,061,043	-	-	-
Unreserved, reported in:				
Special revenue funds	747,062	-	-	-
Debt service funds	(130,205)	-	-	-
Capital projects funds	2,773,389	-	-	-
Fund balance:				
Nonspendable	-	345,891	408,722	206,417
Restricted	-	6,728,771	7,830,851	8,922,847
Committed	-	649,367	662,669	601,378
Assigned	-	2,073,531	1,989,644	1,684,947
Unassigned	-	(2,855,610)	(964,192)	(546,851)
Total all other government funds	<u>10,451,289</u>	<u>6,941,950</u>	<u>9,927,694</u>	<u>10,868,738</u>
Total all funds	<u>\$15,392,750</u>	<u>\$11,963,151</u>	<u>\$15,444,129</u>	<u>\$16,365,415</u>

(1)The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011.

Information for years prior to 2011 is presented in accordance with fund balance classifications in effect at that time.

Table 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
401,947	306,783	636,954	1,108,226	1,146,321	1,236,463
14,268	17,185	17,577	21,677	19,419	22,535
331,201	422,995	517,869	613,922	713,901	817,236
4,903,066	5,253,912	5,066,530	4,526,746	4,339,372	4,544,575
<u>5,650,482</u>	<u>6,000,875</u>	<u>6,238,930</u>	<u>6,270,571</u>	<u>6,219,013</u>	<u>6,620,809</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,387	26,659	18,334	37,351	38,130	79,738
6,607,864	7,012,776	7,033,902	9,945,077	7,212,565	7,108,403
636,819	646,943	804,728	748,398	736,371	780,416
1,819,910	2,076,696	1,480,898	1,433,487	2,110,453	1,677,812
(117,775)	(184,210)	(579,562)	(929,731)	(798,902)	(537,062)
<u>8,970,205</u>	<u>9,578,864</u>	<u>8,758,300</u>	<u>11,234,582</u>	<u>9,298,617</u>	<u>9,109,307</u>
<u>\$14,620,687</u>	<u>\$15,579,739</u>	<u>\$14,997,230</u>	<u>\$17,505,153</u>	<u>\$15,517,630</u>	<u>\$15,730,116</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$5,717,261	\$6,024,517	\$6,553,504	\$6,772,986
Licenses and permits	255,052	226,118	202,354	324,015
Intergovernmental	4,302,317	5,933,373	4,434,468	4,671,032
Special assessments	1,326,354	1,063,987	1,546,363	1,760,500
Charges for services	1,604,785	2,415,698	3,658,568	2,160,357
Fines and forfeits	142,528	191,552	160,984	204,756
Investment income	159,010	184,059	128,235	80,298
Other	275,921	380,749	350,181	388,486
Total revenues	<u>13,783,228</u>	<u>16,420,053</u>	<u>17,034,657</u>	<u>16,362,430</u>
Expenditures:				
Current:				
General government	1,879,463	2,045,880	1,864,611	2,013,753
Public safety	2,500,602	2,551,622	2,639,573	2,829,259
Public works	2,117,665	2,706,560	2,786,207	2,853,198
Culture and recreation	1,731,467	1,745,924	1,709,487	1,731,099
Miscellaneous	541,014	369,809	393,733	523,877
Capital outlay/construction	3,836,307	8,398,558	7,640,162	6,370,341
Decertify TIF districts	-	-	-	-
Debt service:				
Principal retirement	2,177,668	2,990,512	3,239,850	3,925,000
Interest	965,697	903,583	802,977	881,735
Paying agent fees	7,842	6,204	8,630	8,855
Bond issuance costs	39,692	42,489	127,049	112,905
Total expenditures	<u>15,797,417</u>	<u>21,761,141</u>	<u>21,212,279</u>	<u>21,250,022</u>
Revenues over (under) expenditures	<u>(2,014,189)</u>	<u>(5,341,088)</u>	<u>(4,177,622)</u>	<u>(4,887,592)</u>
Other financing sources (uses):				
Sale of capital assets	4,957	5,360	51,788	55,254
Capital lease proceeds	136,444	-	-	-
Issuance of refunding bonds	925,000	525,000	-	1,525,000
Bond issuance/bond premium	825,000	1,030,000	7,397,605	4,134,377
Insurance recoveries	-	-	105,707	41,032
Redemption of refunded bonds	(635,000)	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	1,058,790	1,044,991	705,445	1,855,266
Transfers out	(1,333,243)	(1,041,491)	(601,945)	(1,802,051)
Total other financing sources (uses)	<u>981,948</u>	<u>1,563,860</u>	<u>7,658,600</u>	<u>5,808,878</u>
Special items:				
Grand Rapids / Itasca County Airport	-	347,629	-	-
Merger with Grand Rapids Township	574,001	-	-	-
Net change in fund balance	<u>(\$458,240)</u>	<u>(\$3,429,599)</u>	<u>\$3,480,978</u>	<u>\$921,286</u>
Debt service as a percentage of noncapital expenditures	23.1%	28.1%	28.2%	28.8%

Table 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$6,951,608	\$7,549,081	\$7,802,196	\$8,179,557	\$8,217,883	\$8,490,925
275,941	343,241	259,518	332,376	212,505	499,947
5,014,278	3,887,034	5,726,983	3,771,612	5,860,934	10,498,053
990,937	835,650	989,932	631,282	762,813	514,977
2,021,418	1,945,088	1,980,441	2,083,233	2,089,178	2,163,196
172,374	150,911	140,003	116,367	114,828	112,553
122,519	109,041	107,331	121,034	133,871	206,030
441,708	378,950	899,017	1,093,069	712,397	312,273
<u>15,990,783</u>	<u>15,198,996</u>	<u>17,905,421</u>	<u>16,328,530</u>	<u>18,104,409</u>	<u>22,797,954</u>
2,591,609	2,318,002	3,047,872	2,404,189	2,426,762	3,525,148
3,074,009	3,224,886	3,338,016	3,340,909	3,608,088	3,798,604
3,188,479	2,575,664	2,731,258	2,822,303	2,795,132	2,864,435
1,735,137	1,720,627	1,947,341	1,931,650	2,015,958	1,869,413
570,460	545,535	514,541	553,452	562,856	332,564
3,698,823	749,073	5,870,681	4,736,594	4,546,229	8,813,591
-	-	-	91,038	-	95,693
5,040,000	2,475,000	2,590,000	2,597,000	5,420,000	2,480,000
815,457	764,607	711,789	680,534	669,089	629,512
8,775	8,000	7,600	7,150	6,250	6,350
70,491	-	52,693	112,018	60,199	50,948
<u>20,793,240</u>	<u>14,381,394</u>	<u>20,811,791</u>	<u>19,276,837</u>	<u>22,110,563</u>	<u>24,466,258</u>
<u>(4,802,457)</u>	<u>817,602</u>	<u>(2,906,370)</u>	<u>(2,948,307)</u>	<u>(4,006,154)</u>	<u>(1,668,304)</u>
6,900	2,000	55,400	133,885	47,887	210,616
-	-	-	-	-	-
-	-	-	3,013,286	-	-
3,000,000	-	2,214,183	2,289,881	1,973,026	1,647,547
47,329	35,950	50,778	15,678	27,218	19,127
-	-	-	-	-	-
-	-	-	-	-	-
1,053,297	602,038	1,002,717	4,116,142	2,096,040	982,070
(1,049,797)	(498,538)	(999,217)	(4,112,642)	(2,125,540)	(978,570)
<u>3,057,729</u>	<u>141,450</u>	<u>2,323,861</u>	<u>5,456,230</u>	<u>2,018,631</u>	<u>1,880,790</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(\$1,744,728)</u>	<u>\$959,052</u>	<u>(\$582,509)</u>	<u>\$2,507,923</u>	<u>(\$1,987,523)</u>	<u>\$212,486</u>
33.4%	23.5%	22.1%	21.3%	32.8%	16.7%

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
General government	\$728,689	\$821,768	\$493,124	\$597,344
Public safety	823,295	915,580	1,073,037	1,100,379
Public works	2,819,062	5,613,348	4,825,540	4,537,627
Culture and recreation	962,131	1,283,989	1,014,136	1,066,206
Other	-	-	-	-
Total governmental activities program revenues	<u>5,333,177</u>	<u>8,634,685</u>	<u>7,405,837</u>	<u>7,301,556</u>
Business-type activities:				
Golf course	646,172	561,196	561,753	524,670
Storm water utility	505,336	498,587	498,189	551,049
Total business-type activities program revenues	<u>1,151,508</u>	<u>1,059,783</u>	<u>1,059,942</u>	<u>1,075,719</u>
Total primary government program revenues	<u>\$6,484,685</u>	<u>\$9,694,468</u>	<u>\$8,465,779</u>	<u>\$8,377,275</u>

Table 5

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$566,308	\$594,476	\$781,676	\$567,926	\$486,735	\$1,261,059
1,122,613	1,141,745	1,083,258	1,133,127	1,154,522	1,393,344
3,325,271	1,922,976	3,971,370	2,785,332	4,360,082	8,941,143
1,059,045	1,070,269	2,115,700	1,108,439	1,494,977	1,255,309
-	-	-	232,118	41,551	34,710
<u>6,073,237</u>	<u>4,729,466</u>	<u>7,952,004</u>	<u>5,826,942</u>	<u>7,537,867</u>	<u>12,885,565</u>
555,588	589,499	569,276	567,053	582,728	597,184
553,074	563,011	567,357	592,947	718,751	696,628
<u>1,108,662</u>	<u>1,152,510</u>	<u>1,136,633</u>	<u>1,160,000</u>	<u>1,301,479</u>	<u>1,293,812</u>
<u>\$7,181,899</u>	<u>\$5,881,976</u>	<u>\$9,088,637</u>	<u>\$6,986,942</u>	<u>\$8,839,346</u>	<u>\$14,179,377</u>

CITY OF GRAND RAPIDS, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 6

<u>Fiscal Year Ended December 31</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>All Other</u>	<u>Total Tax Capacity</u>	<u>Less: Fiscal Disparity Contribution</u>	<u>Adjusted Tax Capacity Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Tax Capacity as a Percent of EMV</u>
2010	4,945,974	4,107,439	187,142	9,240,555	1,171,820	8,068,735	65.095	722,925,300	1.12%
2011	5,332,018	4,224,074	487,931	10,044,023	1,042,860	9,001,163	63.890	784,173,200	1.15%
2012	4,709,194	4,226,300	445,047	9,380,541	1,075,330	8,305,211	69.485	780,687,600	1.06%
2013	4,505,919	4,181,742	653,369	9,341,030	1,127,446	8,213,584	68.999	769,618,250	1.07%
2014	4,496,682	3,933,451	618,235	9,048,368	1,120,826	7,927,542	79.308	754,740,246	1.05%
2015	4,571,503	3,906,927	681,838	9,160,268	933,840	8,226,428	79.245	762,916,480	1.08%
2016	4,724,671	3,974,339	819,387	9,158,397	1,109,824	8,408,573	79.232	786,530,358	1.07%
2017	4,756,343	3,960,710	882,231	9,599,284	1,192,888	8,406,396	82.208	792,082,220	1.06%
2018	4,757,558	3,908,563	937,951	9,604,072	1,216,383	8,387,689	82.493	795,696,602	1.05%
2019	5,115,784	3,801,713	910,424	9,827,921	1,219,912	8,608,009	82.930	824,925,900	1.04%

Source: Itasca County Auditor's Office

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

Table 7

Fiscal Year	Direct Rate - City of Grand Rapids			Overlapping Rates				Overlapping Tax Rate
	Operating	Debt	Total	Itasca County	School District #318	Grand Rapids Township*	Special Taxing District	
2010	49.863	15.232	65.095	46.361	15.799	1.272	0.234	128.761
2011	51.112	12.778	63.890	44.904	17.051	-	0.218	126.063
2012	54.893	14.592	69.485	47.702	17.774	-	0.228	135.189
2013	54.778	14.221	68.999	50.869	17.862	-	0.247	137.977
2014	60.623	18.685	79.308	53.852	18.583	-	0.260	152.003
2015	59.934	19.311	79.245	55.038	16.618	-	0.115	151.016
2016	62.105	17.127	79.232	58.157	16.530	-	0.296	154.215
2017	63.426	18.782	82.208	60.240	16.909	-	0.293	159.650
2018	63.881	18.612	82.493	62.465	17.189	-	0.254	162.401
2019	64.921	18.009	82.930	64.844	24.182	-	0.298	172.254

*Grand Rapids Township was annexed by the City of Grand Rapids on January 1, 2010

Source: Itasca County Auditor's Office

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

Table 8

Taxpayer	2019			2010		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
UPM Blandin Paper Mill	\$542,565	1	6.92%	\$737,259	1	40.40%
Enbridge Energy, LP	452,794	2	5.78%			
Enbridge Energy Pipelines	165,608	3	2.11%			
Wal-Mart Stores	158,024	4	2.02%	241,246	2	13.22%
Majestic Pines	125,977	5	1.61%			
Grand Hospitality LLC	123,700	6	1.58%	131,178	4	
ASV, Inc.	110,910	7	1.42%	136,422	3	7.48%
Grand Rapids Healthcare	105,771	8	1.35%			
Arrowhead Promotion & Fulfillment Co	103,964	9	1.33%	117,926	6	6.46%
Burlington Northern	103,466	10	1.32%			
Target Corporation				122,526	5	6.71%
Home Depot USA, Inc				108,408	7	5.94%
GR Development Corp.				78,410	9	4.30%
Grand Rapids State Bank				72,536	10	3.98%
Horseshoe Professional Bldg.				78,886	8	4.32%
Total principal taxpayers	1,992,779		20.28%	1,824,797		19.98%
All other taxpayers	7,835,142		79.72%	7,306,712		80.02%
Total	<u>\$9,827,921</u>		<u>100.00%</u>	<u>\$9,131,509</u>		<u>100.00%</u>

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

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

Table 9

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$5,275,002	\$4,956,991	93.97%	\$82,729	\$5,039,720	95.54%
2011	5,734,540	5,445,836	94.97%	79,316	5,525,152	96.35%
2012	5,910,987	5,863,061	99.19%	48,763	5,911,824	100.01%
2013	6,125,207	6,013,791	98.18%	97,337	6,111,128	99.77%
2014	6,281,859	6,201,927	98.73%	85,842	6,287,769	100.09%
2015	6,845,166	6,774,792	98.97%	71,791	6,846,583	100.02%
2016	6,951,560	6,847,996	98.51%	63,271	6,911,267	99.42%
2017	7,258,674	7,169,418	98.77%	25,667	7,195,085	99.12%
2018	7,408,178	7,249,845	97.86%	18,954	7,268,799	98.12%
2019	7,689,023	7,545,606	98.13%	-	7,545,606	98.13%

Source: Itasca County Auditor's Office

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

Table 10

Fiscal Year	Governmental Activities				Total Governmental Activities	Business-type Activities	Total Primary Government	Bonded Debt Per Capita
	General Obligation Bonds	General Obligation Impr Bonds	Tax Increment Bonds	Other Debt		Capital Leases		
2010	\$3,950,000	\$20,000,000	\$850,000	\$865,000	\$25,665,000	\$ -	\$25,665,000	2,649
2011	3,675,000	18,890,000	835,000	194,650	23,594,650	-	23,594,650	2,171
2012	3,255,000	22,530,000	820,000	1,200,843	27,805,843	-	27,805,843	2,558
2013	6,835,000	20,600,000	805,000	1,264,593	29,504,593	-	29,504,593	2,715
2014	6,475,141	20,054,957	790,000	108,868	27,428,966	-	27,428,966	2,524
2015	5,794,793	18,268,519	770,000	85,224	24,918,536	-	24,918,536	2,293
2016	7,276,630	16,417,458	750,000	61,580	24,505,668	-	24,505,668	2,255
2017	8,821,458	17,584,683	730,000	40,936	27,177,077	111,968	27,289,045	2,386
2018	9,664,438	13,270,296	705,000	27,292	23,667,026	85,564	23,752,590	2,086
2019	10,678,913	11,416,220	680,000	13,648	22,788,781	58,129	22,846,910	2,006

Note: Personal income not available.
 Excludes component units.
 Includes unamortized issuance premium for 2014 through 2019

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

Table 11

General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds <i>c</i>	Percentage of Estimated Market Value <i>a</i>	Bonded Debt Per Capita <i>b</i>
2010	\$3,950,000	0.5464%	363.42
2011	3,675,000	0.4686%	338.12
2012	3,255,000	0.4169%	299.48
2013	6,835,000	0.8881%	628.85
2014	6,475,141	0.8579%	595.74
2015	5,794,793	0.7596%	533.15
2016	7,276,630	0.9252%	669.48
2017	8,821,458	1.1137%	771.44
2018	9,664,438	1.2146%	848.58
2019	10,678,913	1.2945%	937.65

a See Table 6 for Estimated Market Value data.
b Population can be found in Table 14.
c Includes unamortized issuance premium for 2014 through 2019

CITY OF GRAND RAPIDS, MINNESOTA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2019

Table 12

	<u>Net Debt Outstanding</u>	<u>% of Debt Applicable to City⁽²⁾</u>	<u>City of Grand Rapids Share of Debt</u>
Direct debt			
City of Grand Rapids ⁽¹⁾	\$22,788,781	100.00%	\$22,788,781
Overlapping debt:			
Itasca County	21,920,000	13.85%	3,035,920
School District 318	<u>64,785,000</u>	20.05%	<u>12,989,393</u>
Total overlapping debt	<u>86,705,000</u>		<u>16,025,313</u>
Total direct and overlapping debt	<u><u>\$109,493,781</u></u>		<u><u>\$38,814,094</u></u>

Source: Itasca County Auditor's Office

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

(1) Includes all debt related to governmental activities as presented in Table 10, which includes unamortized bond premiums of \$430,133.

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

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

Table 13

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market value	\$824,925,900
Debt limit percentage*	<u>3%</u>
Debt limit amount	<u>24,747,777</u>
Debt applicable to limit:	
Lease revenue bonds	-
General obligation bonds	<u>10,678,913</u>
	10,678,913
Less:	
Cash and equivalents in G.O. Bond Debt Service Funds	<u>(2,292,386)</u>
Total net debt applicable to limit	<u>8,386,527</u>
Legal debt margin	<u>\$16,361,250</u>

Legal Debt Margin Calculation for Fiscal Years 2009 Through 2018

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Bonded Debt per Capita
2010	10,869	\$21,687,759	\$4,270,649	\$17,417,110	19.69%	392.92
2011	10,869	23,525,196	3,015,083	20,510,113	12.82%	277.40
2012	10,869	23,420,628	2,565,287	20,855,341	10.95%	236.02
2013	10,869	23,088,548	5,798,436	17,290,112	25.11%	533.48
2014	10,869	22,642,207	5,393,126	17,249,081	23.82%	496.19
2015	10,869	22,887,494	4,581,451	18,306,043	20.02%	421.52
2016	10,869	23,595,911	5,471,587	18,124,324	23.19%	503.41
2017	11,435	23,762,467	6,588,263	17,174,204	27.73%	576.15
2018	11,389	23,870,898	7,606,103	16,264,795	31.86%	665.16
2019	11,389	24,747,777	8,386,527	16,361,250	33.89%	736.37

Source: Itasca County Auditors Office and City Finance Department

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

Table 14

Fiscal Year	Improvement Bonds				Tax Increment Bonds			
	Special Assessment Collections	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2010	\$1,013,237	\$1,980,000	\$775,452	36.77%	\$131,032	\$ -	\$37,340	350.92%
2011	824,639	1,460,000	653,434	39.02%	151,953	15,000	37,059	291.89%
2012	762,948	1,490,000	589,994	36.68%	172,671	15,000	36,497	335.30%
2013	697,612	1,610,000	587,496	31.75%	193,981	15,000	35,934	380.85%
2014	609,576	1,645,000	466,922	28.86%	180,957	15,000	35,371	359.25%
2015	551,895	1,315,000	437,515	31.49%	237,023	20,000	34,715	433.20%
2016	514,410	1,505,000	416,830	26.77%	372,139	20,000	33,965	689.59%
2017	412,018	1,495,000	380,497	21.97%	383,897	20,000	33,170	722.02%
2018	447,143	1,450,000	344,854	24.91%	362,772	25,000	28,371	679.72%
2019	404,464	1,510,000	296,329	22.39%	227,734	25,000	19,900	507.20%

Special assessment collections do not include prepayments.

Excludes component units.

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	9,690	Information Not Available		12.40%
2010	10,869		13.70%	
2011	10,869		9.60%	
2012	10,869		9.90%	
2013	10,869		7.60%	
2014	10,869		6.70%	
2015	10,869		8.47%	
2016	10,869		10.60%	
2017	11,435		6.10%	
2018	11,389		5.60%	
2019	11,389	5.28%		

Source: Minnesota Department of Employment and Economic Development

CITY OF GRAND RAPIDS, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

Taxpayer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Grand Itasca Clinic & Hospital	680	1	8.04%	584	2	5.94%
ISD #318(1)	634	2	7.50%	1,066	1	10.85%
Itasca County	431	3	5.10%	408	4	4.15%
UPM Blandin Paper Mill	400	4	4.73%	453	3	4.61%
Arrowhead Promo & Fulfillment	220	5	2.60%	205	7	2.09%
City of Grand Rapids(2)	202	6	2.39%	225	6	2.29%
ASV Inc.(4)	185	7	2.19%	186	8	1.89%
Wal-Mart	183	8	2.16%	300	5	3.05%
Grand Village Nursing Home(3)	150	9	1.77%	168	9	1.71%
Lake Country Power Resources	135	10	1.60%			
Itasca Community College				146	10	1.49%
Total	3,220		38.09%	3,741		38.08%
All other employers	5,234		61.91%	6,084		61.92%
Total	8,454		100.00%	9,825		100.00%

Source: Minnesota Department of Employment and Economic Development

Source: ReferenceUSA, written and telephone survey (June 2019).

(1) Reflects contracted employees. With seasonal and casual employees, the employee count would be closer to 1,000.

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

(3) Formerly known as Itasca County Nursing Home.

(4) Formerly Terex Corp., Inc.

CITY OF GRAND RAPIDS, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 17

Function/Program	Full-time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Administration	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Finance	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community development	4.05	4.05	4.05	4.05	4.05	4.05	4.55	4.55	4.55	5.55
Engineering	2.45	2.45	2.45	2.45	2.45	2.45	2.45	3.45	3.45	4.45
Information technology	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police officers and dispatchers	20.50	20.50	21.50	21.50	22.50	22.50	22.50	25.50	26.50	27.50
Public works	15.00	14.00	14.00	14.00	14.00	14.00	14.00	16.00	17.00	18.00
Parks and recreation	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00
Library	8.75	8.75	8.75	8.75	8.75	8.75	8.50	8.50	8.50	8.50
Golf course	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Total	66.00	65.00	65.75	66.75	67.75	67.75	68.00	74.00	73.00	78.00

The City has 30 paid-on-call firefighters.

Source: City Finance Department

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

Table 18

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Physical and sexual assaults	303	405	449	605	460	441	346	145	218	230
Parking citations	590	849	579	537	314	239	208	590	487	451
DUI arrests	91	171	199	135	211	117	110	94	72	73
Traffic citations	2,959	2,588	2,764	2,113	1,544	2,175	1,579	1,366	1232	1381
Accidents	531	569	536	543	568	495	451	416	535	412
Fire:										
Emergency responses	172	166	200	174	138	167	182	212	146	199
Haz-Mat responses	27	4	4	14	36	53	17	13	3	0
Inspections	103	112	69	62	100	55	6	5	8	19
Community development:										
Permits issued:										
Commercial	109	120	133	138	96	110	120	153	120	107
Governmental	11	14	14	16	25	20	29	22	12	12
Residential	401	386	495	442	373	401	405	382	393	442
Public works:										
Streets swept (miles)	93	93	93	93	93	93	93	93	93	94
Roads (miles)	93	93	93	93	93	93	93	93	93	94
Streetlights	1,290	1,321	1,321	1,326	1,325	1,325	1,325	1,578	1584	1630
Parks and recreation:										
Playgrounds	10	10	10	10	10	11	11	11	11	11
Baseball/softball fields	6	7	7	7	7	7	7	7	7	7
Soccer fields	3	3	3	3	3	3	3	3	2	3
Skate park	1	1	1	1	1	1	1	1	1	1
Library:										
Volumes in collection	82,338	79,400	79,866	75,343	75,173	75,751	74,541	70,991	73332	74073
Total volumes borrowed	202,908	187,569	187,035	183,311	172,438	173,954	163,483	160,089	183169	191876
Golf course:										
Number of passes sold										
Junior*	115	115	64	57	59	77	57	46	42	40
Young adult*	22	27	38	18	14	15	12	11	11	10
Single	135	129	120	106	110	107	128	113	99	101
Family	85	80	79	63	63	74	63	60	64	62

*Junior =Children ages 10 to 18

*Young Adult=Ages 19 to 24

Source: Various City Departments

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

Table 19

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	18	20	20	20	20	20	20	20	22	20
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets maintained	93	93	93	93	93	93	95	95	95	95
Miles of sidewalks maintained	91	91	91	91	91	100	103	103	104	103
Miles of curbs and gutters maintained	112	112	112	112	112	112	113	113	113.5	113
Parks and recreation:										
Community parks and playgrounds	24	24	24	24	24	26	25	25	25	25
Total acres	227	227	227	227	227	350	350	350	350	350

Source: Various City Departments

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IV. OTHER INFORMATION (UNAUDITED)

CITY OF GRAND RAPIDS, MINNESOTA
COMBINED SCHEDULE OF INDEBTEDNESS
December 31, 2019

	Interest Rates	Issue Date	Final Maturity Date
General Obligation Tax Increment Bonds:			
Refunding TIF Bonds Series 2017B	4.20 - 4.60	12/28/2017	2/1/2034
Total General Obligation Tax Increment Bonds			
General Obligation Improvement Bonds:			
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022
Improvement Bonds of 2009C	1.85 - 4.3	9/1/2009	2/1/2025
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027
Improvement Bonds of 2013A	.30 - 1.35	5/8/2013	2/1/2021
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030
Improvement Refunding Bonds of 2017B	2.3 - 3.0	12/28/2017	2/1/2034
Total General Obligation Improvement Bonds			
Other General Obligation Debt:			
Equipment Certificates of 2009D	2.00-4.85	9/1/2009	2/1/2019
Street Reconstruction Bonds of 2013B	3.00-3.50	9/1/2013	2/1/2029
Street Reconstruction Bonds of 2016A	0.850 - 2.2	10/5/2016	2/1/2032
Street Reconstruction Bonds of 2017A	3.0 - 3.45	9/7/2017	2/1/2033
Street Reconstruction Bonds of 2018A	3.0 - 3.25	10/18/2018	2/1/2034
G.O. Bonds of 2019A	2.0 - 3.0	9/5/2019	2/1/2035
Total Other General Obligation Debt			
Capital Lease Payable to Itasca County	0.00	11/22/2010	12/31/2020
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035
Note payable - Blandin	0.00	2016	2026
Note payable - IRRRB	1.00	12/2/2016	8/1/2036
Note payable - IEDC	1.00	11/15/2015	11/1/2026
Revenue Bonds and Notes (Public Utilities):			
G.O. Water Revenue Note of 1999	3.04	1/3/2000	1/1/2019
Taxable G.O. Wastewater Revenue Bonds of 2009A	2.00-4.90	6/1/2009	12/1/2019
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029
Taxable G.O. Wastewater Revenue Bonds of 2011A	0.60-3.50	7/25/2011	12/1/2021
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033
Taxable G.O. Utility Revenue Bonds of 2013C	2.00-4.50	9/1/2013	2/1/2029
Equipment Lease	2.64	10/15/2015	10/15/2025
Total Revenue Bonds (Public Utilities)			
Total bonded indebtedness			

Prior Years		Payable 01/01/19	2019		Payable 12/31/19	Due in 2020	
Original Issue	Payments		Issued	Payments		Principal	Interest
705,000	-	705,000	-	25,000	680,000	25,000	19,900
705,000	0	705,000	0	25,000	680,000	25,000	19,900
1,150,000	850,000	300,000	-	75,000	225,000	75,000	7,650
4,565,000	2,200,000	2,365,000	-	315,000	2,050,000	320,000	112,009
1,115,000	635,000	480,000	-	55,000	425,000	55,000	13,303
1,555,000	820,000	735,000	-	120,000	615,000	105,000	15,629
2,245,000	700,000	1,545,000	-	145,000	1,400,000	145,000	37,942
4,175,000	1,565,000	2,610,000	-	270,000	2,340,000	275,000	47,489
1,525,000	955,000	570,000	-	200,000	370,000	195,000	3,484
3,000,000	685,000	2,315,000	-	235,000	2,080,000	245,000	44,094
2,215,000	-	2,215,000	-	440,000	1,775,000	445,000	45,825
21,545,000	8,410,000	13,135,000	0	1,855,000	11,280,000	1,860,000	327,425
1,005,000	870,000	135,000	-	135,000	-	-	-
4,025,000	905,000	3,120,000	-	245,000	2,875,000	255,000	87,213
2,170,000	115,000	2,055,000	-	130,000	1,925,000	130,000	37,860
2,130,000	-	2,130,000	-	90,000	2,040,000	120,000	62,475
1,960,000	-	1,960,000	-	-	1,960,000	90,000	58,588
-	-	-	1,585,000	-	1,585,000	-	36,249
11,290,000	1,890,000	9,400,000	1,585,000	600,000	10,385,000	595,000	282,385
136,444	109,152	27,292	-	13,648	13,644	13,664	-
100,000	-	100,000	-	-	100,000	-	-
350,000	52,500	297,500	-	17,500	280,000	17,500	-
175,000	35,865	139,135	-	20,962	118,173	-	-
293,000	-	293,000	-	-	293,000	-	-
90,000	17,325	72,675	-	8,688	63,987	8,775	727
1,079,657	1,006,657	73,000	-	73,000	-	-	-
925,000	820,000	105,000	-	105,000	-	-	-
26,370,232	9,979,232	16,391,000	-	1,286,000	15,105,000	1,324,000	438,045
3,965,000	2,530,000	1,435,000	-	455,000	980,000	480,000	33,340
2,025,000	465,000	1,560,000	-	95,000	1,465,000	95,000	37,388
2,305,000	480,000	1,825,000	-	135,000	1,690,000	140,000	64,788
1,832,571	362,684	1,469,887	-	248,847	1,221,040	256,747	33,877
38,502,460	15,643,573	22,858,887	0	2,397,847	20,461,040	2,295,747	607,438
<u>\$73,186,904</u>	<u>\$26,158,415</u>	<u>\$47,028,489</u>	<u>\$1,585,000</u>	<u>\$4,938,645</u>	<u>\$43,674,844</u>	<u>\$4,815,686</u>	<u>\$1,237,875</u>

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CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION BONDS
December 31, 2019

Exhibit 2

	Tax Increment Bonds Series 2017B	Street Reconstruction Bonds Series 2013B	Street Reconstruction Bonds Series 2016A	Street Reconstruction Bonds Series 2017A	Street Reconstruction Bonds Series 2018A	G.O Bonds Series 2019A	Total
Bonds payable	\$680,000	\$2,875,000	\$1,925,000	\$2,040,000	\$1,960,000	\$1,585,000	\$11,065,000
Future interest payable	165,878	493,331	268,970	493,387	487,719	334,144	2,243,429
Totals	\$845,878	\$3,368,331	\$2,193,970	\$2,533,387	\$2,447,719	\$1,919,144	\$13,308,429
Payments to maturity:							
2020	49,075	342,212	167,860	182,475	148,587	36,249	926,458
2021	53,100	339,488	170,210	183,800	170,512	108,980	1,026,090
2022	52,050	331,688	167,510	180,050	167,062	126,580	1,024,940
2023	55,925	333,738	169,760	181,225	168,537	123,880	1,033,065
2024	49,800	335,487	166,960	182,250	164,937	126,105	1,025,539
2025	53,815	336,938	169,110	183,125	166,262	123,255	1,032,505
2026	52,895	337,712	171,160	183,850	167,438	130,255	1,043,310
2027	56,918	332,881	168,160	179,500	163,538	127,105	1,028,102
2028	55,725	337,325	170,110	179,963	164,563	128,880	1,036,566
2029	59,300	340,863	167,010	180,159	165,438	126,130	1,038,900
2030	62,725	-	168,860	180,118	161,238	128,880	701,821
2031	56,150	-	170,445	179,754	156,950	126,580	689,879
2032	59,575	-	166,815	179,058	162,419	129,170	697,037
2033	62,850	-	-	178,063	157,638	126,650	525,201
2034	65,975	-	-	-	162,600	124,070	352,645
2035	-	-	-	-	-	126,375	126,375
	\$845,878	\$3,368,331	\$2,193,970	\$2,533,387	\$2,447,719	\$1,919,144	\$13,308,429

CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION IMPROVEMENT BONDS
December 31, 2019

	2007B Improvement Bonds	2009C Improvement Bonds	2010A Improvement Bonds	2011B Improvement Refunding Bonds
Bonds payable	\$225,000	\$2,050,000	\$425,000	\$615,000
Future interest payable	13,801	327,269	52,764	70,543
Totals	<u>\$238,801</u>	<u>\$2,377,269</u>	<u>\$477,764</u>	<u>\$685,543</u>
Payments to maturity:				
2020	82,650	416,768	68,303	120,629
2021	79,613	405,964	71,575	83,660
2022	76,538	404,335	69,700	81,962
2023	-	391,866	67,750	80,142
2024	-	383,663	65,725	78,182
2025	-	374,673	68,534	81,007
2026	-	-	66,177	78,701
2027	-	-	-	81,260
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
	<u>\$238,801</u>	<u>\$2,377,269</u>	<u>\$477,764</u>	<u>\$685,543</u>

2012A Improvement Bonds	2012B Improvement Bonds	2013A Improvement Bonds	2014A Improvement Bonds	2017B Improvement Refunding Bonds	Total
\$1,400,000	\$2,340,000	\$370,000	\$2,080,000	1,775,000	\$11,280,000
215,502	221,090	4,665	266,099	\$112,275	1,284,008
<u>\$1,615,502</u>	<u>\$2,561,090</u>	<u>\$374,665</u>	<u>\$2,346,099</u>	<u>1,887,275</u>	<u>\$12,564,008</u>
182,942	322,489	198,484	289,094	486,650	2,168,009
180,478	322,908	176,181	245,770	473,450	2,039,599
182,722	317,728	-	237,330	455,325	1,825,640
184,572	322,025	-	238,480	304,375	1,589,210
181,162	320,807	-	239,120	167,475	1,436,134
176,125	319,112	-	239,230	-	1,258,681
176,088	316,926	-	169,775	-	807,667
175,888	319,095	-	170,885	-	747,128
175,525	-	-	171,710	-	347,235
-	-	-	172,240	-	172,240
-	-	-	172,465	-	172,465
<u>\$1,615,502</u>	<u>\$2,561,090</u>	<u>\$374,665</u>	<u>\$2,346,099</u>	<u>\$1,887,275</u>	<u>\$12,564,008</u>

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CITY OF GRAND RAPIDS, MINNESOTA

TAXABLE VALUATIONS

December 31, 2019

Exhibit 4

	2020 Tax Capacity Values	2019 Tax Capacity Values
Taxable valuations:		
Real estate	\$8,963,091	\$8,917,497
Personal property	789,321	910,424
Net tax capacity	9,752,412	9,827,921
Less: Captured tax increment value	(167,356)	(291,480)
Fiscal disparities contributions	(1,152,780)	(1,219,912)
 Taxable net tax capacity	 <u>\$8,432,276</u>	 <u>\$8,316,529</u>

CITY OF GRAND RAPIDS, MINNESOTA
 SCHEDULE OF DEFERRED TAX LEVIES
 GENERAL OBLIGATION BONDS
 December 31, 2019

Year of Levy/ Collection	Supplemental Improvement Bond Levy ⁽¹⁾	\$4,565,000 Improvement Bonds Series 2009C ⁽²⁾	\$1,750,000 Improvement and CIP Bonds Series 2010A	\$1,555,000 Improvement & Refunding Bonds Series 2011B	\$2,245,000 Improvement Bonds Series 2012A
2019/2020	(\$130,000)	\$301,601	\$58,648	\$57,848	\$128,985
2020/2021	(55,000)	308,355	57,130	56,943	131,341
2021/2022	(55,000)	303,548	55,611	55,779	133,284
2022/2023	(55,000)	303,716	53,936	54,615	129,704
2023/2024	(55,000)	303,165	57,510	58,407	124,414
2024/2025	(55,000)	-	55,486	56,792	124,376
2025/2026	(55,000)	-	-	60,309	124,165
2026/2027	(30,000)	-	-	-	123,784
2027/2028	-	-	-	-	-
2028/2029	-	-	-	-	-
2029/2030	-	-	-	-	-
2030/2031	-	-	-	-	-
2031/2032	-	-	-	-	-
2032/2033	-	-	-	-	-
2033/2034	-	-	-	-	-
	(\$490,000)	\$1,520,385	\$338,321	\$400,693	\$1,020,053

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

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

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

\$1,525,000 Improvement Refdg Bonds Series 2013A	\$4,025,000 Improvement Bonds Series 2013B	\$3,000,000 Improvement Bonds Series 2014A	\$2,170,000 GO Street Reconst Bonds Series 2016A	\$2,130,000 GO Street Reconst Bonds Series 2017A	\$2,920,000 Improvement Refunding Bonds Series 2017B ⁽³⁾	\$1,960,000 GO Street Reconst Bonds Series 2018A	\$1,585,000 Improvement Bonds Series 2019A	Total
\$99,101	\$110,350	\$241,580	\$152,179	\$171,870	\$226,959	\$142,785	\$133,000	\$1,694,906
-	102,160	232,886	149,344	167,932	223,549	139,995	134,327	1,648,962
-	104,470	234,356	151,759	169,245	221,807	142,454	131,492	1,648,805
-	106,465	235,301	148,818	170,400	103,448	139,506	133,907	1,524,816
-	108,145	235,700	151,129	171,398	-	141,808	130,914	1,427,590
-	109,510	162,032	153,334	172,237	-	143,953	138,421	1,061,141
-	104,522	163,345	150,184	167,670	-	140,690	135,114	990,999
-	109,864	164,363	152,284	168,353	-	142,677	137,057	968,382
-	113,854	165,077	149,029	168,641	-	144,507	133,591	874,699
-	-	165,476	151,024	168,765	-	140,929	136,532	762,726
-	-	-	152,914	168,555	-	137,351	134,116	592,936
-	-	-	149,102	168,001	-	144,089	136,952	598,144
-	-	-	-	167,093	-	139,999	134,305	441,397
-	-	-	-	-	-	146,213	131,660	277,873
-	-	-	-	-	-	-	134,137	134,137
<u>\$99,101</u>	<u>\$969,340</u>	<u>\$2,000,116</u>	<u>\$1,811,100</u>	<u>\$2,200,160</u>	<u>\$775,763</u>	<u>\$1,986,956</u>	<u>\$2,015,525</u>	<u>\$14,647,513</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements, and have issued our report thereon dated June 10, 2020. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Grand Rapids, Minnesota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency,

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grand Rapids, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 10, 2020



MINNESOTA LEGAL COMPLIANCE REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2020. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

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

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

A handwritten signature in cursive script that reads "Redpath and Company, Ltd." The signature is written in black ink and is positioned above the printed name of the company.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 10, 2020



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 20-1160 **Version:** 1 **Name:** Discuss Memorandum of Understanding Between Mississippi Headwaters Board and City of Grand Rapids.

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

File created: 7/1/2020 **In control:** City Council Work Session

On agenda: 7/27/2020 **Final action:**

Title: Discuss Memorandum of Understanding Between Mississippi Headwaters Board and City of Grand Rapids.

Sponsors:

Indexes:

Code sections:

Attachments: [Mississippi Headwaters Grand Rapids Rec sign project](#)

Date	Ver.	Action By	Action	Result
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Discuss Memorandum of Understanding Between Mississippi Headwaters Board and City of Grand Rapids.

Background Information:

Tim Terrill from the Mississippi Headwaters Board will be here to talk about the Mississippi Headwaters Board recreational signage project.

AITKIN RECREATIONAL SIGNAGE PROJECT

History

- There was a desire for Aitkin County to connect people to the Mississippi River by experiencing it through a recreational means.
- An opportunistic meeting was held with the Land Dept., Aitkin Soil & Water Conservation District, DNR Parks & Trails, Great River Road, & MHB to look at accesses where people could paddle down the river.



Values

- Short and Sweet- Many recreationalists (especially families) want to take a 3-5 hour trip on the Miss. River and then leave to go to their favorite eatery.
- Information Intensive- Provides maps, history, and safety at trailhead.
- Interactive technology- Allows for some type of tracking system.

Assumptions & Planning For Program Development

- Everyone longs to be a Tom Sawyer or Huck Finn.
- People want to still use technology while experiencing our natural resources.
- When people visit a park, they have no idea how long it will take them to hike a trail or paddle a river.
- Users value a map with a defined trail with enter and exit area along with amount of time it would take to complete the paddle.
- Signs would have minimal contact info on it and be separated so panels could be replaced if damaged or if information changes.
- Determined that an example of a rest area would be a good model to follow
- After looking at land ownership and water accesses using a GIS map, it was determined that the Palisade to Hwy 169 bridge would be a good candidate.
- Work with a professional marketing firm to display our ideas easily to the public.

Sign Development

- A 3 panel Kiosk would be developed at Berglund Park in Palisade.
 - Panel 1 would have history
 - Panel 2 would have a map of the route and some feature information on it.
 - Panel 3 would have trip planning and safety information on it.
- A halfway sign would be placed on county land noting how long it will take the user to reach the exit area.
- An exit sign noting the exit or providing you the option to continue traveling to the next exit area.

Panel 1



Mississippi River State Water Trail Kiwanis Park to Crow Wing State Park Landing



This river section is in the crossroads of Minnesota's three biological communities - the western prairies, the north's pine forests, and the hardwood forest of the east.

The Mississippi picks up a major tributary when the Crow Wing River joins it south of Brainerd, acquiring the volume sufficient to provide drinking water to St. Cloud and the Twin Cities.

This river section is also a crossroads for the people and cultures of the region. The prairies and plains attracted large grazing animals-bison, elk, and deer- which were an important food source for Native Americans and the first settlers. The earliest cultures depended heavily on hunting. For later cultures, meat was an important part of their diet and economy, but people also gathered wild rice and maple syrup. The entire region can be thought of as an important for food and survival, the Dakota and the Ojibwe kept hostilities away from the hunting and gathering areas.



For loggers, the river was a way to get logs downriver to the mills in Minneapolis. The first log "driver" down the river was recorded in 1834. For developers, the river represented multiple opportunities. Trading posts on the river took advantage of trade and later annuities for the Ojibwe people living at communities in the area.



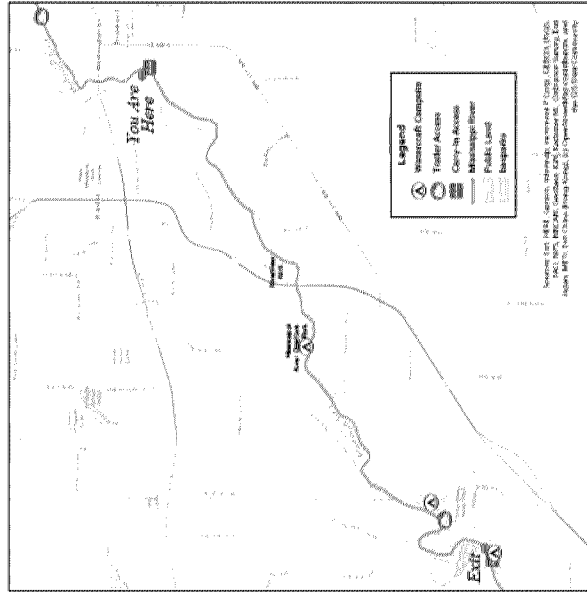


About Your Trip

Panel 2

This section of the Mississippi River passes through a forest of mixed hardwoods, islands, and undeveloped shoreline. Paddling is easy, the views are remarkable, and the fishing is great. Crow Wing State Park occupies this section of the river. The river's banks are undeveloped, even though the Twin Cities are about two hours south.

The Mississippi is a big river here picking up the Crow Wing River at the southern end of your journey. The Crow Wing River flows southeasterly around the glacial end point known as the Itasca moraine, arising in a chain of lakes just east of the Mississippi's headwaters at Lake Itasca.



Mississippi River Water Trail
Kiwanis Park to Crow Wing State Park
(Approximately 40-70 miles or 2 to 3 hours to paddle)

Map prepared by Mark Gorman, GIS for Public Works, Minneapolis, MN. Photo: Crow Wing State Park. Map data: OpenStreetMap contributors, and the GIS User Community.



Panel 3



Trip Planning & Safety



PLAN YOUR TRIP

- Plan your trip with a map before you leave. Tell someone your plans, including put-in and take-out times.
- Travel with a friend or group.
- Most people paddle 2-3 river miles per hour. River levels can affect your speed and trip.
- Check the weather before you go. Wind and waves have a powerful effect on your safety.
- Avoid overhanging and dead trees on your trip.
- Bring clean drinking water and a waterproof container with a first aid kit to hold dry clothes and supplies.
- Wear a life jacket at all times.
- Purchase a license for your watercraft. It's more than 10 feet in length. If you're not from Minnesota, review Minnesota's watercraft license laws.

YOUR RECOMMENDED DAY TRIP

- Start at Kirwan's Park access
- Exit at Crow Wing State Park landing
- River length is 10.7 miles. This trip should take about 3 to 3.5 hours to paddle.

SUSTAINING THE RIVER

- As you explore the Mississippi River, do your best to protect it.
- Buffer Protection- The Minnesota law establishes new vegetation buffers along rivers, streams, and ditches to help filter out chemicals and sediment before they reach our waterways.
- Aquatic Invasive Species - Please do the following before launching and just after you exit:
 - Clean off aquatic plants and animals.
 - Drain all water away from the landing.
 - Dispose of unwanted bait in the trash.
 - Clean off water shoes and other equipment after you exit the Mississippi River.



RIVER CAMPING

- Camp only in designated campsites.
- Riverbed camping on or next to private property is not permitted.
- Stay off private property. Stop only at designated sites.
- Be sanitary to help others enjoy the same experience! Use designated toilet facilities or bury human waste away from the River.
- Follow the rules for firewood. County/land and State forests allow you to gather dead wood for a fire, but state parks do not.



MEDICAL

IN AN EMERGENCY CALL 911

Essentia Health- St. Joseph's Medical Center

523 North 3rd St.
Brainerd, MN 56401
(218) 829-2861

Contacts:
Brainerd Park and Rec.
(218) 828-2320



Exit sign

 **Mississippi River State Water Trail**
Kiwanis Park to Crow Wing State Park Landing



Crow Wing State Park
 **Exit River**

**Thank you for traveling
this section of the
Mississippi River**

**Exit here or continue to
Fort Ripley landing 8.5
miles (3 hours).**



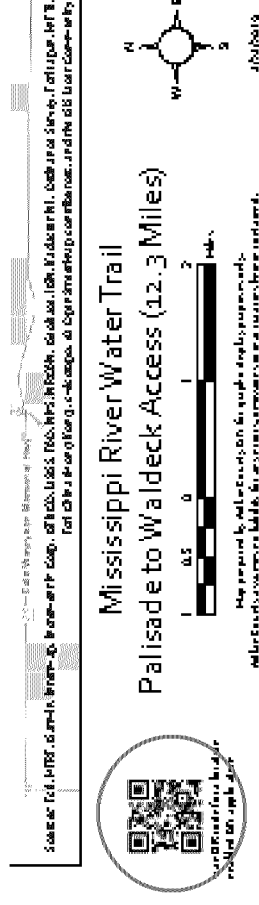
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DEPARTMENT OF
NATURAL RESOURCES



Insta

Interactive Technology added

- Allows user to scan QR code with smartphone and bring up a georeferenced PDF map.
- On some smartphones, a location dot will appear and track your movement in real time down the River.
- Uses very little energy or cell phone signal.



Marketing and Brainstorming

- Work with individual county tourism to promote this on their website.
- Work with non profits to utilize as a fundraiser activity.
- Prefer to have trailhead at park or public area so people will know about it through word of mouth.
- Develop canoe/paddleboard/kayak rental opportunity.
- Potential for economic revenue generation in the local economy. It takes 2 people.

GRAND RAPIDS RIVER SIGNAGE PROJECT
