

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, September 10, 2012 at 4:00 p.m. in City Hall Conference Room 2A, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

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

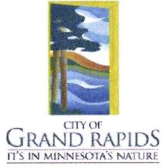
Discussion Items

1. **12-0566** Active Living Center
2. **12-0579** Review capital campaign feasibility study for Active Living Center at the YMCA.
Attachments: Report to Community on 11 x 17 REV
3. **12-0583** Discuss 2012 and 2013 audit costs.
Attachments: 2012 & 2013 Proposed Audit costs.pdf
Sample Management Letter.pdf

ADJOURN

Attest:

Shawn Gillen, City Administrator



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 12-0566 **Version:** 1 **Name:** Active Living Center
Type: Agenda Item **Status:** CC Worksession
File created: 9/4/2012 **In control:** City Council Work Session
On agenda: 9/10/2012 **Final action:**
Title: Active Living Center

Sponsors:

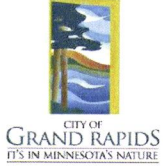
Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Title
Active Living Center



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 12-0579 **Version:** 1 **Name:** Active Living Center discussion.
Type: Agenda Item **Status:** CC Worksession
File created: 9/5/2012 **In control:** City Council Work Session
On agenda: 9/10/2012 **Final action:**
Title: Review capital campaign feasibility study for Active Living Center at the YMCA.

Sponsors:

Indexes:

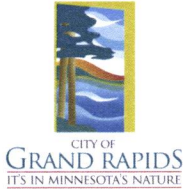
Code sections:

Attachments: [Report to Community on 11 x 17 REV](#)

Date	Ver.	Action By	Action	Result
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Title

Review capital campaign feasibility study for Active Living Center at the YMCA.



YMCA MISSION

To strengthen ourselves, families and communities by promoting growth in spirit, mind and body.

ELDERCIRCLE MISSION

To help seniors maintain their independence by linking them, their families and caregivers to services through programming, education, volunteer opportunities and advocacy

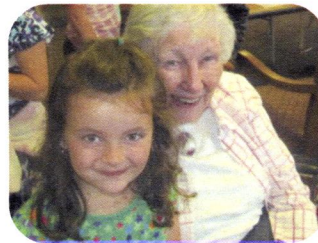


Would you join us?

Help us renovate and add on to the YMCA to support the seniors, children and families in our community.

Contact Betsy McBride at (218) 327-1161 or bmcbride@ymcaitasca.org

- or -
Kristi Kane at (218) 999-9233 or kristi@eldercircle.org



READY FOR CHANGE



PLANNING STUDY SUMMARY REPORT FOR COMMUNITY LEADERS

AUGUST 2012

COMMUNITY NEED CONFIRMED

In early 2012, the Itasca County Family YMCA, ElderCircle and the City of Grand Rapids conducted a planning study to determine the availability of funds and resources to renovate and expand the current YMCA facility to better serve our community. The board of directors for the Y and ElderCircle, City Council, and, as the study confirmed, community leaders, recognize the growing senior population and their unique needs, as well as the importance of a safe, positive gathering place for children and families.

Executive Directors from the YMCA and ElderCircle, interviewed 42 community leaders and held three focus groups for an additional 17 leaders, to test a potential \$4.3 million capital campaign. The interviews assessed the following key indicators:

- Image of the YMCA and ElderCircle
- Opinions of the proposed plan and projected fundraising goal
- Availability of large charitable gifts
- Availability of potential volunteer campaign leadership
- Timing, priority and strategy for the campaign

Key Findings

- **100%** rated the image of the Y and ElderCircle as good or very good.
- **94%** of those interviewed said the Y/ElderCircle is on track with their capital plans.
- **94%** believe that this is the appropriate time to begin the campaign.
- **71%** will consider a personal gift to the campaign.
- **58%** will consider playing a role in the campaign.

Most important benefits of having the Y/ElderCircle

- Y is a community gathering place.
- Y is a safe place for kids.
- Y is open to all.
- ElderCircle is "one-stop support" for seniors.
- ElderCircle responds to the needs of our community's seniors.

MESSAGE FROM THE Y & ELDERCIRCLE

Dear Friends,

We thank all of you who participated in our planning study.

We appreciate your time, your insights and your willingness to help shape the future of the Y in our community. Our staff and volunteers are prepared to take the findings of the study and put them to work.

This report, prepared with the help of our consultants at Donor By Design Group LLC, provides a summary of our findings.

We'll provide you with regular updates to keep you informed of our progress. We look forward to continuing the conversation!

Sincerely,
Betsy McBride
Executive Director
Itasca County Family YMCA

Kristi Kane
Executive Director
ElderCircle

"This collaboration makes so much sense."

PROJECT SUMMARY

THE FUTURE

A renovated and expanded YMCA will provide a welcoming and supportive gathering space for people of all ages and backgrounds in the Itasca area.

PROJECT HIGHLIGHTS

Addition:

Active Living Center
Office space for ElderCircle staff
Outdoor and indoor gathering space
Youth Center for grades 2-9

Renovation:

New WeeCare space, allowing us to move Educare school age care back to the Y
More secure child care entrance
New Cycling studio and Mind/Body Studio
Create Adult Day Stay Space
Update 30-year-old HVAC systems
Safer entry/traffic flow

COMMUNITY BENEFITS

- Provide a welcoming and supportive gathering space for people of all ages and backgrounds in the Itasca area.
- Provide safe, high-quality childcare for all families regardless of income level.
- Teach positive character values to more youth and teens.
- Provide services in one central location to more seniors to keep them vital and in their homes longer.
- The Active Living Center will provide education and resources for active older adults in a welcoming, multi-generational setting.
- By bringing the Educare school age childcare back to the Y Campus, children can take advantage of the facilities and parents with multiple children can pick them up at one location.
- Increase opportunities for people to get involved in their community.
- Safer entry into the facility.
- Infrastructure upgrades will allow us to put dollars towards people and programs.
- Improve quality of life for all.

LEADERSHIP

YMCA BOARD OF DIRECTORS

Todd Cortese
Sherry Frick
Frieda Hall
Jean Lane
Karen Lindgren
Mike Miskovich
Ron Oleheiser
Dale Rosier
John Stene
Scott Winjum
Kim Young
Mary Pat Zabinski
Betsy McBride – Executive Director

ELDERCIRCLE BOARD OF DIRECTORS

Lloyd Adams
Jane Barthell
Cindy Brummer
Lori Dvorak
Bill Eckblad
John Feeney
Kris Ferraro
Sheila Hart
Tara Makinen
John Michaels
Meredith Morneau
JoeAnn Powell
Dennis Schuemann
Donna Vennie
Kristi Kane – Executive Director

CITY OF GRAND RAPIDS

Dale Adams, Mayor
Councilors:
Gary McInerney
Dale Christy
Joe Chandler
Ed Zabinski

FINDINGS AND RECOMMENDATIONS

AWARENESS AND IMAGE

The awareness of the Y and ElderCircle is very high. 100% of interviewees rated the public image of the Y and ElderCircle as good or very good. The Itasca County Family YMCA is viewed as a community asset that often serves as the lynchpin of collaboration. ElderCircle provides a safety net for the senior population, but should use the capital campaign to further refine their external messaging – consistently telling their story to the community.

Ongoing communication and positioning must continue to reinforce the YMCA and ElderCircle as cause-driven not-for-profits. Several of those interviewed wanted to see and understand the proforma.

OPINION OF PROPOSED PLAN

There was nearly unanimous agreement (94%) among those interviewed that the Y/ElderCircle are on track with the capital plans and that the collaboration makes sense. They feel the seniors have already claimed the Y as their home. It is recognized that seniors are a growing segment of our community and we need to be prepared to service this population.

It is recommended that the YMCA and ElderCircle find a medical partner for the project.

FUNDRAISING POTENTIAL

The planning study indicates that the Y, ElderCircle and the City of Grand Rapids have the potential to raise **\$3,500,000** for support of this campaign. 71% of those interviewed indicated that they would personally give. That level of support so early in the process is considered an encouraging sign of a project's success.

The foundation community will play a major role in traditional philanthropic support and non-traditional models. These non-traditional models could be low interest bridge financing or PRIs.

As with all major gift efforts, the Y and ElderCircle will need to engage in donor cultivation and "friend-raising" before it launches a capital campaign. It is most important to cultivate potential lead gift donors.

Current and future volunteers must be fully engaged in "making new friends for the organizations" in order to secure additional philanthropic support.

ASSESSMENT OF LEADERSHIP

Both organizations are viewed as financially sound and well managed. There is a sense that there are a limited number of leaders who know how to get campaigns like this done. Securing the appropriate campaign leadership will ultimately define the success of the campaign.

The proposed campaign leadership structure of campaign Co-Chairs was well received and encouraged.

Action Plan

Develop a case for support that lifts up the Y's/ElderCircle's critical and unique position as serving all in the community regardless of race, age or income. Show how the project will fulfill needs and support community planning.

Action Plan

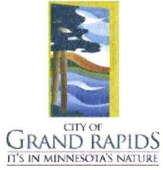
Prepare and launch a capital campaign.

Action Plan

Begin cultivating major gift prospects as soon as possible. Secure select lead gifts prior to December 2012 and move boldly and quickly with Top 10 prospects.

Action Plan

A **Leadership Cabinet** of 12-15 is recommended to come along side the board to help execute the campaign strategy. Leadership is everything and will not be compromised.



CITY OF GRAND RAPIDS

Legislation Details (With Text)

File #: 12-0583 **Version:** 1 **Name:** Discuss 2012 and 2013 audit
Type: Agenda Item **Status:** CC Worksession
File created: 9/5/2012 **In control:** City Council Work Session
On agenda: 9/10/2012 **Final action:**
Title: Discuss 2012 and 2013 audit costs.

Sponsors:

Indexes:

Code sections:

Attachments: [2012 & 2013 Proposed Audit costs.pdf](#)
[Sample Management Letter.pdf](#)

Date	Ver.	Action By	Action	Result
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Title

Discuss 2012 and 2013 audit costs.

Body

Background Information:

In 2009, the City sent out Requests for Proposals for auditing services for 2009, 2010, and 2011 with the option of auditing the financial statements for each of the two subsequent years. Tautges Redpath, the City's auditors at that time, reduced their quote by \$12,000 in order to match the low quote of the other firm the City interviewed in order to keep the City as a client. The City's audit and financial statement preparation has been \$33,500 for the last three years, and \$13,500 for the Airport audit, Single audit, and out of pocket costs, for a total cost \$ 47,000.

In discussing the audit for the next two years with Dave Mol, partner at Tautges Redpath, they would definitely like to keep the City as a client. Their proposal would be to increase the cost of the City audit and financial statement preparation by \$3,000 and reduce the scope of the audit by \$3,000. By reducing the scope of the audit, he is referring to the Management Report. His question was, "How valuable is the Management Report to the Council" and could the Finance Department prepare the charts and graphs in the Management Report if the Council wanted them. They would still do the "Communication with Those Charged with Governance" (required), and other information they felt was important for that particular year. I have attached a copy of one that they do for another City.

He also discussed the timing of the audit creates additional costs, since they do a draft for the City within 120 days of the year end and then a final report after the PUC audit is done. That adds an additional \$2,000 to the audit cost. His suggestion was to require the PUC to adhere to the same deadline as the City or possibly charge them a \$2,000 fee to cover the additional cost.

He is proposing to increase the Single Audit cost by \$500 from \$4,500 to \$5,000 (assumes one major program). The federal government has increased monitoring on federal funds. If we do not receive federal funds over \$500,000, there would not need to be a Single Audit at all.

Please see the attached spreadsheet for a breakdown. By combining the Airport audit with the City audit and reducing the scope of work, the total audit cost would be \$49,500 which is then a \$2,500 increase, and would remain the same for both years at \$49,500. If PUC could meet the City's deadline or pay the \$2,000 portion of the cost, the City's cost would be \$47,500.

For the 2013 budget, we added \$2,000 to the budget for audit fees and the \$500 could be allocated to the capital projects funds if necessary.

Requested City Council Action

Discuss 2012 and 2013 audit costs.

City of Grand Rapids
Proposed Audit Cost for 2012 and 2013

	<u>2011 Engagement Letter</u>	<u>Airport Reduction</u>	<u>Fee Increase</u>	<u>PUC Timing Fee</u>	<u>Proposed 2012 & 2013 Fee (1)</u>
City audit and financial statement preparation	\$ 33,500	\$ 2,000	\$ 3,000	\$ 2,000	\$ 40,500
Airport audit	5,000	(5,000)	-	-	-
Single Audit (2)	4,500	-	500	-	5,000
Out of pocket	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total Proposed fee for 2012 & 2013	<u>\$ 47,000</u>	<u>\$ (3,000)</u>	<u>\$ 3,500</u>	<u>\$ 2,000</u>	<u>\$ 49,500</u>

(1) Includes reduction in scope related to a reduced management letter.

(2) Assumes one major program



TAUTGES REDPATH, LTD.
Certified Public Accountants

Communication with Those Charged with Governance

To the Honorable Mayor and
Members of the City Council
City of Columbus, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbus, Minnesota as of and for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Columbus, Minnesota are described in Note 1 to the financial statements. The City of Columbus, Minnesota implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. The most significant effect of this standard is that fund balance is now classified into the five following categories: nonspendable, restricted, committed, assigned and unassigned. These categories are based on the constraint imposed on the use of resources. We noted no transactions entered into by the City of Columbus, Minnesota during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of value of land held for resale. We evaluated the key factors and assumptions used to develop the estimate for land held for resale in determining that it is reasonable in relation to the financial statements taken as a whole.

4810 White Bear Parkway White Bear Lake, MN 55110 651.426.7000 651.426.5004 fax www.hlbtr.com
Equal Opportunity Employer 100-Percent Employee-Owned

HLB Tautges Redpath, Ltd. is a member of HLB International, a world-wide network of independent accounting firms and business advisors.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

- Revenue related to an Anoka County HRA grant was earned in the prior year (\$48,500).

Adjustments were made to the accounting system to record the following:

- Record capital assets and related depreciation expense in the Water and Sewer Enterprise Funds.
- Record special assessments receivable and related deferred revenue in the Debt Service Funds.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 1, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

During the course of our audit, we noted several items that management should consider:

Special Deferred Assessments

Approximately 36% of the City's special assessment receivable balances are parcels that are being deferred for Green Acres or for Senior Citizen. The City will not collect assessments on these parcels until there is a change in status on the parcel. These assessments were to be used to fund the debt service of the Bonds of 2004 (\$394,193), the Bonds of 2005A (\$596,576), and the Bonds of 2007B (\$1,622,642). Delays in the collection of these assessments may require another funding source for debt service. We recommend the City continue to monitor these parcels.

Fund Balance Policy

The City does not have a formal General Fund fund balance policy. General fund reserves are an important aspect of City finances. Appropriate levels are important for a variety of reasons as follows:

- Cash Flow Timing differences – Property taxes account for over 75% of General Fund revenue, which are not received until July and December of each year. As a result, the City is required to have sufficient reserves at the beginning of the year to fund operations of the first half of the year.
- General Contingency – A general contingency revenue is needed for items such as litigation, natural disasters, and premature breakdown of vital equipment. We recommend the City consider adopting a formal General Fund reserve policy.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for the information and use of the City of Columbus, Minnesota's City council and management and is not intended to be, and should not be, used by anyone other than these specified parties.


HLB TAUTGES REDPATH, LTD.

June 1, 2012