

## GRAND RAPIDS CITY COUNCIL

### MEETING AGENDA

Monday, June 28, 2021  
5:00 PM

**CALL TO ORDER:** Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council will be held on Monday, June 28, 2021 at 5:00 PM in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:**

**PROCLAMATION:**

- Proclamation commemorating Pride Month

**PUBLIC FORUM:**

**COUNCIL REPORTS:**

**APPROVAL OF MINUTES:**

- Approve Council minutes for June 14, 2021 Regular Meeting

**VERIFIED CLAIMS:**

- Approve the verified claims for June 8, 2021 – June 21, 2021 in the total amount of \$2,271,161.05.

**ACKNOWLEDGE THE FOLLOWING BOARD & COMMISSION MINUTES:**

- April 6, 2021 PCA Board
- February 4, 2021 Planning Commission
- May 12 & 25, 2021 Public Utilities Commission
- May 18, 2021 Golf Course Board

**CONSENT AGENDA:** *Requests for City Council to consider approving the following:*

1. Approve entering into agreement with “Time Machine” and “Mallrats” for entertainment related to Tall Timber Days.
2. Approve temporary liquor permit for Grand Rapids Summer Celebrations dba Tall Timber Days.
3. Approve Hibbard Pierringer Release.
4. Approve temporary liquor permit for Klockow Brewing Co. for the Grand Rapids Car Show.
5. Approve hiring Skyler Bischoff as part-time maintenance employee at IRA Civic Center.
6. Approve advertising agreement with Patriot Real Estate Group.



7. Adopt a resolution ordering the feasibility report for CP 2003-18, 21<sup>st</sup> Street SW Extension.
8. Approve Supplemental Letter Agreement with SEH related to CP 2003-18.
9. Approve amendment one to US Solar Site lease.
10. Accept 2020 audited financial reports.
11. Accept low quote for Sophos Intercept X security software from SHI International and authorize payment.
12. Approve Interagency Agreement with Itasca County Sexual Assault Interagency Council and authorize Chief of Police to sign.
13. Approve license with BNSF for trail crossing related to CP 2015-3, Hwy 2 West Trail.

SET REGULAR AGENDA: *(Motion to set the agenda, including any changes or additions)*

PUBLIC HEARING: *(Public Hearings will begin at 5:30 PM)*

14. Conduct a public hearing to consider giving host approval and consent to issuance by City of International Falls, Minnesota's Housing and Health Care Facilities Revenue Note, Series 2021.

FINANCE:

15. Consider adopting a resolution giving host approval and consent to issuance by City of International Falls, Minnesota's Housing and Health Care Facilities Revenue Note, Series 2021 in the aggregate principal amount not to exceed \$4,000,000 for Northland Counseling Project.

ADJOURNMENT:

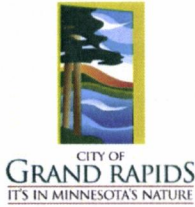
NEXT REGULAR MEETING IS SCHEDULED FOR JULY 12, 2021, AT 5:00 PM

Hearing Assistance Available: This facility is equipped with a hearing assistance system.

MEETING PROTOCOL POLICY: Please be aware that the Council has adopted a Meeting Protocol Policy which informs attendees of the Council's desire to conduct all City meetings in an orderly manner which welcomes all civil input from citizens and interested parties. If you are unaware of the policy, copies (orange color) are available in the wall file by the Council entrance.

ATTEST:     Kimberly Gibeau, City Clerk

## ITEM# Proclamation



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Proclamation commemorating Pride Month  
**PREPARED BY:** Michelle Toven

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#### **BACKGROUND:**

June is known around the world as Pride Month and the City of Grand Rapids recognizes June as Pride Month in the City of Grand Rapids.

#### **ATTACHMENTS:**

Pride Month proclamation

#### **REQUESTED COUNCIL ACTION:**

Acknowledge June as Pride Month

# ***PROCLAMATION***

## **A PROCLAMATION TO COMMEMORATE PRIDE MONTH**

WHEREAS: The Stonewall Riots between June 28, 1969, and July 3, 1969, sparked the lesbian, gay, bisexual, transgender, and queer (LGBTQ+) rights movement throughout the United States; and

WHEREAS: Each June, people around the world commemorate the courageous individuals who have fought for the rights of LGBTQ+ people throughout history; and

WHEREAS: Minnesota passed the Minnesota Human Rights Act in 1993, prohibiting discrimination based on sexual orientation and gender discrimination in employment, housing, public accommodations, public services, education, credit, and business; and

WHEREAS: Minnesota became the first Midwestern state to legalize same-sex marriage by legislative vote in 2013; and The United States Supreme Court in 2015 held that the right to marry is a fundamental right that may not be denied to same-sex couples; and

WHEREAS: The Safe and Supportive Schools Act, signed into law during the 2014 Minnesota Legislative Session, further reflects the desire to provide protections for students of all sexual orientations and gender identities or expressions; and

WHEREAS: in the GROW Grand Rapids 2040 Comprehensive Plan, a comprehensive system of community values and guiding principles were identified describing what is right, good and desirable and provides a foundation for making Grand Rapids a positive place to live for ALL people,

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Grand Rapids, Itasca County, Minnesota, recognizes the significance of Pride month and supports its continued celebration to provide an opportunity to learn more about the LGBTQ+ community, and we recommit ourselves to creating a community where our LGBTQ+ community members are safe and thriving.

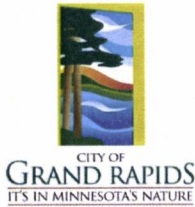
IN WITNESS WHEREOF, I have hereto  
subscribed my name and the seal of the  
City of Grand Rapids, Minnesota, this 28<sup>th</sup>  
day of June, Two thousand and twenty-  
one.

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Dale Christy, Mayor  
City of Grand Rapids



## ITEM # Minutes



## REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider Approving minutes for June 14, 2021 regular City Council meeting.  
**PREPARED BY:** Kim Gibeau

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### **BACKGROUND:**

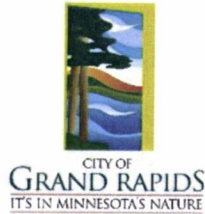
Draft minutes for Monday, June 14, 2021 regular City Council meeting are attached for review and approval.

### **ATTACHMENTS:**

June 14, 2021 Regular meeting minutes

### **REQUESTED COUNCIL ACTION:**

Make a motion approving Council minutes for Monday, June 14, 2021



## GRAND RAPIDS CITY COUNCIL

### MEETING MINUTES

Monday, June 14, 2021

5:00 PM

**CALL TO ORDER:** Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council was held on Monday, June 14, 2021 at 5:00 PM in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a call of roll, the following members were present: Mayor Christy, Councilors: Dale Adams, Rick Blake, Tasha Connelly, Michelle Toven. Absent: None.

**Others Present:** Tom Pagel, Chad Sterle, Scott Johnson, Lance Kuschel, Shawn Graeber, Travis Cole, Barb Baird, Lynn DeGrio, Will Richter, Matt Wegwerth, Rob Mattei, Erik Scott

#### PRESENTATIONS/PROCLAMATIONS:

- Proclamation commemorating Juneteenth  
*Mayor Christy read the proclamation into the record*

#### PUBLIC FORUM:

*John Lavelier, 750 NW 17<sup>th</sup> Avenue, Grand Rapids address the Council regarding a complaint against the police department. Attorney Sterle will meet with Mr. Lavelier to determine next steps.*

#### COUNCIL REPORTS:

*Councilor Toven advised that the merger between the Grand Rapids and Itasca County HRAs is scheduled to be complete in July or August 2021. Also noted that June is recognized as Pride Month.*

*Councilor Adams stated that with the departure of Steve Giorgi, Board Chair for RAMS, the process of interviewing for replacement is underway.*

#### APPROVAL OF MINUTES:

- Consider approving minutes for May 24, 2021 Closed & Regular Meetings

**Motion by Councilor Connelly, Second by Councilor Adams to approve minutes for May 24, 2021 Closed and Regular meetings as presented. Motion carried by unanimous vote.**

#### VERIFIED CLAIMS:

- Consider approving the verified claims for May 18, 2021 – June 7, 2021 in the total amount of \$1,119,508.47

**Motion by Councilor Toven, second by Councilor Connelly to approve the verified claims in the total amount of \$1,119,508.47 as presented. Motion carried by the**

**following roll call vote: Aye: Blake, Adams, Connelly, Toven, Christy. Opposed: None.**

CONSENT AGENDA: *Requests for City Council to consider approving the following:*

1. *Approved* temporary liquor permit for Itasca Waters event on August 6, 2021
2. *Accepted* resignations from part-time Hospital Security Officers and authorize City staff to begin the process of filling the vacancies
3. *Approved* contract with Langhorne Slim for performance at Grand Rapids Riverfest
4. *Approved* temporary liquor permits for MacRostie Art Center for six (6) 2021 First Friday events
5. *Approved* special permit for use and possession of firearm for MN Mounted Shooting Assoc.
6. *Approved* amendments to 2021 Pay Range for part-time, seasonal and temporary employees
7. *Approved* Change orders related to new Fire Hall project
8. *Adopted* Resolution 21-47, supporting application for funding by D.W. Jones for the acquisition/rehabilitation of Oakwood Terrace I, II and III as affordable family housing
9. *Adopted* Resolution 21-48, accepting State of Minnesota grant and authorize signatures for GPZ Apron Lighting project
10. *Accepted* low quote from Casper Construction for Linda Lane ditching project
11. *Approved* amendment #2 with State of MN Maintenance & Operations Contract for GPZ Airport
12. *Approved* disposal of assets between \$700-\$4,999 no longer working or obsolete
13. *Adopted* Resolution 21-49, accepting \$6,222 grant from Enbridge Inc. for the Fire Department
14. *Approved* disposal of fixed assets no longer working or obsolete
15. *Approved* Paul Bunyan Communications for connectivity at new Fire Hall
16. *Approved* quote and award air conditioner project for the GPZ Airport to Rapids Plumbing for a total amount of \$8,930.00
- 16a. *Approved* retiring city assets and utilizing Bert's Trucks Auction Service of Moorhead, MN.

**Motion by Councilor Adams, second by Councilor Blake to approve the Consent agenda with the addition of item 16a. Motion carried by the following roll call vote: Toven, Connelly, Blake, Adams, Christy. Opposed: None.**

SET REGULAR AGENDA: *(Motion to set the agenda, including any changes or additions)*

**Motion by Councilor Adams, second by Councilor Toven to approve the regular agenda as presented. Motion carried by unanimous vote.**



#### ADMINISTRATION:

17. Consider appointing Amanda Watkins to the position of Public Services Clerk I at the Grand Rapids Area Library

*Ms. DeGrio reviewed part time vacancy at the library for a Public Service Clerk, the hiring process and the recommendations by the hiring committee to appoint Amanda Watkins.*

**Motion by Councilor Adams, second by Councilor Connelly to appoint Amanda Watkins to the position of Public Services Clerk I at the Grand Rapids Area Library. Motion carried by unanimous vote.**

18. Consider appointing Shawn Graeber and Lance Kuschel to the positions of Rental Inspector/Firefighter with the Grand Rapids Fire Department

*Ms. DeGrio explains the history development positions for Rental Inspector/Firefighter and the recent application and hiring process. The hiring committee is recommending the appointments as noted.*

**Motion by Councilor Blake, second by Councilor Connelly to appoint Shawn Graeber and Lance Kuschel to the positions of Rental Inspector/Firefighter effective August 1, 2021. Motion carried by unanimous vote.**

#### COMMUNITY DEVELOPMENT:

19. Consider adopting a revised resolution authorizing a grant application to the US EDA for the Grand Rapids/Cohasset Industrial Park Infrastructure Project

*Mr. Mattei provided background information including the changes in fund match requirements.*

**Motion made by Councilor Adams, second by Councilor Toven, adopting Resolution 21-50, revised resolution authorizing grant application to the US Economic Development Authority for Grand Rapids/Cohasset Industrial Park Infrastructure project. Motion carried by the following roll call vote: Connelly, Blake, Toven, Adams, Christy. Opposed: None.**

#### ENGINEERING/PUBLIC WORKS:

20. Consider approving a Cooperative Construction Agreement with Itasca County for 5<sup>th</sup> Street North

*Mr. Wegwerth provides information regarding collaboration with Itasca County regarding the new jail project and the need to close a section of 5<sup>th</sup> street until project is completed. All costs related to closure will be paid by the County.*

**Motion by Councilor Toven, second by Councilor Connelly approving Cooperative Construction Agreement with Itasca County for 5<sup>th</sup> Street North. Motion carried by unanimous vote.**

FINANCE:

21. Consider adopting a resolution awarding the sale of the \$6,255,000 General Obligation Bonds, Series 2021B

*Ms. Baird provides information related to item #21. Bids were opened on Monday, June 14, 2021 at Ehlers office. Rebecca Kurtz, representing Ehlers, provides background on projects to be funded by sale of bonds, AA- rating on existing and new bonds issued to the City of Grand Rapids and recommends awarding bond sale to FHN Financial Capital Markets of Memphis, Tennessee at the interest rate of 1.63%.*

**Motion by Councilor Blake, second by Councilor Connelly adopting Resolution 21-51, awarding the sale of the \$6,255,000 General Obligation Bonds, Series 2021B to FHN Financial Capital Markets of Memphis, Tennessee. Motion carried by the following roll call vote: Toven, Adams, Connelly, Blake, Christy. Opposed: None.**

ADJOURNMENT:

**There being no further business, the meeting adjourned at 5:58 PM.**

Respectfully submitted:

*Kimberly Gibeau*

Kimberly Gibeau, City Clerk

## ITEM # Verified Claims



## REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider approving the verified claims for the period June 8, 2021 to June 21, 2021 in the total amount of \$2,271,161.05.  
**PREPARED BY:** Laura Pfeifer

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**BACKGROUND:**  
N/A

**ATTACHMENTS:**  
June 28, 2021 Council Bill List

### REQUESTED COUNCIL ACTION:

Make a motion approving the verified claims for the period June 8, 2021 to June 21, 2021 in the total amount of \$2,271,161.05.



## CITY OF GRAND RAPIDS COUNCIL BILL LIST - JUNE 28, 2021

DATE: 06/25/2021  
 TIME: 08:29:20  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
-----		
GENERAL FUND		
CITY WIDE		
1903341	SCHWARTZ REDI-MIX INC	486.38
1915248	SHI INTERNATIONAL CORP	772.00
TOTAL CITY WIDE		1,258.38
SPECIAL PROJECTS-NON BUDGETED		
T001071	CAMERON JAY WELLS	3,000.00
T001184	MALLRATS	1,000.00
TOTAL SPECIAL PROJECTS-NON BUDGETED		4,000.00
BUILDING MAINTENANCE-CITY HALL		
0118100	ARAMARK UNIFORM & CAREER	52.90
0221650	BURGGRAF'S ACE HARDWARE	14.97
0315455	COLE HARDWARE INC	8.98
TOTAL BUILDING MAINTENANCE-CITY HALL		76.85
COMMUNITY DEVELOPMENT		
2018225	TREASURE BAY PRINTING	36.00
TOTAL COMMUNITY DEVELOPMENT		36.00
FINANCE		
0405450	DELUXE	1,363.81
0801661	HARRIS	986.67
TOTAL FINANCE		2,350.48
FIRE		
0315455	COLE HARDWARE INC	28.89
0601690	FASTENAL COMPANY	64.50
1200500	L&M SUPPLY	89.92
1201730	LATVALA LUMBER COMPANY INC.	178.32
TOTAL FIRE		361.63
INFORMATION TECHNOLOGY		
0221650	BURGGRAF'S ACE HARDWARE	58.07
TOTAL INFORMATION TECHNOLOGY		58.07

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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
-----		
GENERAL FUND		
PUBLIC WORKS		
0100030	ABM EQUIPMENT & SUPPLY LLC	907.93
0103325	ACHESON TIRE INC	150.00
0121721	AUTO VALUE - GRAND RAPIDS	70.99
0205090	BEACON ATHLETICS LLC	338.00
0221650	BURGGRAF'S ACE HARDWARE	54.90
0301685	CARQUEST AUTO PARTS	93.06
0305510	CENTRAL LANDSCAPE SUPPLY INC	73.80
0315455	COLE HARDWARE INC	344.17
0318900	CRYSTEEL TRUCK EQUIPMENT INC	7,852.32
0501650	EARL F ANDERSEN	742.95
0518366	ERICKSON'S ITASCA LUMBER INC	136.50
0601690	FASTENAL COMPANY	1,606.14
0612083	FLAGSHIP RECREATION	1,464.00
0800074	H & R CONSTRUCTION CO	9,198.33
0801825	HAWKINSON CONSTRUCTION CO INC	1,095.84
0801836	HAWKINSON SAND & GRAVEL	111.51
1200500	L&M SUPPLY	208.33
1303039	MCCOY CONSTRUCTION & FORESTRY	23.91
1309091	SUPERONE FOODS SOUTH	23.76
1421155	NUCH'S IN THE CORNER	89.86
1503150	OCCUPATIONAL DEVELOPMENT CTR	675.00
1621125	PUBLIC UTILITIES COMMISSION	51.55
1801899	RAY'S SPORT & CYCLE	42.49
1813125	RMB ENVIRONMENTAL	25.00
1815120	ROB'S BOBCAT SERVICE INC	1,200.00
1900225	SEH	500.00
1908248	SHERWIN-WILLIAMS	637.34
2300763	WW THOMPSON CONCRETE PRODUCTS	216.70
2305453	WESCO RECEIVABLES CORP	4,640.00
TOTAL PUBLIC WORKS		32,574.38
FLEET MAINTENANCE		
0301685	CARQUEST AUTO PARTS	124.32
TOTAL FLEET MAINTENANCE		124.32
POLICE		
0103325	ACHESON TIRE INC	25.00
0116610	APPLIED CONCEPTS INC	710.00
0221650	BURGGRAF'S ACE HARDWARE	44.94
0301685	CARQUEST AUTO PARTS	323.10
0712225	GLEN'S ARMY NAVY STORE INC	41.94
0718195	GREAT ENGRAVINGS	6.00

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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
-----		
GENERAL FUND		
POLICE		
0920005	ITASCA AUTO BODY SHOP	508.40
1605665	PERSONNEL DYNAMICS LLC	461.70
1920150	STATT LLC	850.00
1925500	SYMBOL ARTS, LLC	819.50
2001138	TACTICAL ADVANTAGE, LLC	1,408.97
TOTAL POLICE		5,199.55
RECREATION		
0221650	BURGGRAF'S ACE HARDWARE	24.98
TOTAL RECREATION		24.98
AIRPORT		
0504825	EDWARDS OIL INC	599.58
1920240	CHAD B STERLE	2,972.00
TOTAL		3,571.58
CIVIC CENTER		
GENERAL ADMINISTRATION		
1901535	SANDSTROM'S INC	634.93
TOTAL GENERAL ADMINISTRATION		634.93
POLICE DESIGNATED FORFEITURES		
1920233	STREICHER'S INC	1,853.00
TOTAL		1,853.00
CEMETERY		
0221650	BURGGRAF'S ACE HARDWARE	149.27
1200500	L&M SUPPLY	6.37
T001369	LAVONNE COOK	300.00
TOTAL		455.64



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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
-----		
GENERAL CAPITAL IMPRV PROJECTS		
2022-1	HIGHWAY 2 LIGHTING	
1900225	SEH	739.20
TOTAL 2022-1 HIGHWAY 2 LIGHTING		739.20
PARK ACQUISITION & DEVELOPMENT		
MS RIVER PARK		
0315455	COLE HARDWARE INC	33.23
1200500	L&M SUPPLY	236.42
TOTAL MS RIVER PARK		269.65
CAPITAL EQPT REPLACEMENT FUND		
CAPITAL OUTLAY-PUBLIC WORKS		
2209705	VISIT GRAND RAPIDS INC	5,000.00
TOTAL CAPITAL OUTLAY-PUBLIC WORKS		5,000.00
CAPITAL OUTLAY-POLICE		
1920150	STATT LLC	895.00
TOTAL CAPITAL OUTLAY-POLICE		895.00
2019 INFRASTRUCTURE BONDS		
2019-1	GLF COURSE RD UTIL EXT	
1920240	CHAD B STERLE	480.00
TOTAL 2019-1 GLF COURSE RD UTIL EXT		480.00
2020 INFRASTRUCTURE BONDS		
2019	STREET IMP PROJECT	
0301705	CASPER CONSTRUCTION INC	94,633.58
1900225	SEH	5,122.50
TOTAL 2019 STREET IMP PROJECT		99,756.08
2021 INFRASTRUCTURE BONDS		
CP2020/FD-1	NEW FIRE HALL	
0100024	A-Z ELECTRIC INC	64,597.15
0601690	FASTENAL COMPANY	68.40
0701650	GARTNER REFRIGERATION CO	2,000.00

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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
2021 INFRASTRUCTURE BONDS		
CP2020/FD-1 NEW FIRE HALL		
0900055	ICS CONSULTING INC	51,827.10
1303050	MCDOWALL COMPANY	22,124.45
1908090	SHANNON'S INC	192,052.95
2000522	TNT CONSTRUCTION GROUP, LLC	318,167.33
TOTAL CP2020/FD-1 NEW FIRE HALL		650,837.38
CP 2021-2 5TH STREET SW		
2000522	TNT CONSTRUCTION GROUP, LLC	104,509.90
2005625	TARACON PRECAST LLC	70,172.83
TOTAL CP 2021-2 5TH STREET SW		174,682.73
2015-3 HIGHWAY 2 WEST TRAIL		
1900225	SEH	27,172.80
2000522	TNT CONSTRUCTION GROUP, LLC	53,859.30
T001038	NTS	6,632.00
TOTAL 2015-3 HIGHWAY 2 WEST TRAIL		87,664.10
DACF/PD EXPANSION		
0701650	GARTNER REFRIGERATION CO	2,000.00
0900055	ICS CONSULTING INC	3,003.93
2000522	TNT CONSTRUCTION GROUP, LLC	212,090.64
TOTAL DACF/PD EXPANSION		217,094.57
2022 INFRASTRUCTURE BONDS		
IRA CIVIC CENTER RENOVATION		
0900055	ICS CONSULTING INC	349,284.00
TOTAL IRA CIVIC CENTER RENOVATION		349,284.00
STORM WATER UTILITY		
0221650	BURGGRAP'S ACE HARDWARE	16.99
0920127	ITASCA WATERS	300.00
1618112	PRAIRIE RESTORATIONS INC	114.44
1809154	RICHARD RYSAVY	200.00
1900225	SEH	2,615.00
2018560	TROUT ENTERPRISES INC	225.00

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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 06/28/2021

VENDOR #	NAME	AMOUNT DUE
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STORM WATER UTILITY		

2300763	WW THOMPSON CONCRETE PRODUCTS	65.00
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TOTAL	3,536.43
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TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$1,642,818.93
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CHECKS ISSUED-PRIOR APPROVAL  
 PRIOR APPROVAL

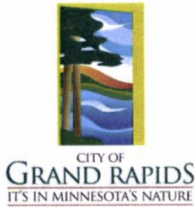
0100053	AT&T MOBILITY	4,099.43
0113100	AMAZON.COM	26.18
0205640	LEAGUE OF MN CITIES INS TRUST	544.08
0305530	CENTURYLINK QC	259.00
0315543	CONSTELLATION NEWENERGY -GAS	241.38
0718015	GRAND RAPIDS CITY PAYROLL	275,156.93
0718070	GRAND RAPIDS STATE BANK	667.24
0815440	HOLIDAY STATIONSTORES LLC	500.43
0900060	ICTV	8,098.67
0920055	ITASCA COUNTY RECORDER	138.00
1115775	STEVEN PAUL KOVACIC	770.00
1301146	MARCO TECHNOLOGIES, LLC	2,144.33
1305046	MEDIACOM LLC	22.05
1309098	MINNESOTA MN IT SERVICES	439.88
1309193	MN FIRE SERV CERTIFICATION BRD	480.00
1309199	MINNESOTA ENERGY RESOURCES	1,327.29
1309302	MN DEPT OF PUBLIC SAFETY	14.25
1309335	MINNESOTA REVENUE	9,358.00
1405850	NEXTERA COMMUNICATIONS LLC	458.01
1516220	OPERATING ENGINEERS LOCAL #49	112,101.00
1609561	PIONEER TELEPHONE	10.85
1621105	P.E.R.A.	864.46
1621125	PUBLIC UTILITIES COMMISSION	165,549.92
1621130	P.U.C.	32,389.40
1721095	QUADIENT, INC	648.00
1903321	STEVEN SCHAAR	95.29
2000490	TDS Metrocom	575.17
2114750	UNUM LIFE INSURANCE CO OF AMER	268.32
2209665	VISA	8,542.03
2301700	WM CORPORATE SERVICES, INC	2,552.53

TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$628,342.12
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TOTAL ALL DEPARTMENTS	\$2,271,161.05
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## ITEM # Acknowledge Minutes – Boards & Commissions



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Acknowledge minutes for Boards & Commissions  
**PREPARED BY:** Kim Gibeau

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**BACKGROUND:**

City Boards & Commissions submit approved minutes from meetings to be acknowledged by Council.

**ATTACHMENTS:**

April 6, 2021 PCA Board  
February 4, 2021 Planning Commission  
May 12, 2021 PUC  
May 25, 2021 PUC  
May 18, 2021 Golf Course Board

**REQUESTED COUNCIL ACTION:**

Acknowledge minutes for Boards & Commissions

**Police Community Advisory Board Meeting**

April 6, 2021

Grand Rapids Fire Hall

4:30 – 5:30 pm

Board Member Wendy Uzelac called the meeting to order at 4:31 pm.

**Present:** Wendy Uzelac, Laurie Turman, Tom Neustrom, Scott Cook, Jim Martinetto, Stephen Connolly, Courtney Kerns, Dan Butterfield, Scott Johnson, Liz Branum, Steve Schaar, and Jackie Heinrich.

**Absent:**

**Roll Call:** Welcome new members – Introductions and what got you interested in the Police Community Advisory Board.

Wendy Uzelac: RE/Max Realty went through the Police Academy enjoyed it and wanted to learn more and give back to the community.

Liz Branum: Retired Sign Language Interpreter. Told of the opening and should look to become a member.

Laura Turman: Mill Wright – Wanted to be a part of the Community.

Courtney Kerns: Geological consultant – Wants to work towards keeping our Community functional- in the community, we all love.

Jim Martinetto: Retired Asst. Chief of the Grand Rapids Police Department. Has maintained his interest in Law Enforcement.

Scott Cook: Retired Fire Department Chief and Peace Officer for Deer River, MN.

Stephen Connolly: Interested in Law Enforcement and giving back to the community.

Dan Butterfield: Approached and asked if he would like to be a part of the board. Enjoys being a part of the community.

Tom Neustrom: Retired Investigator – Fishing Guide – enjoys being a part of Law Enforcement and giving back.

**Approval of the Minutes:** Motion made by Tom Neustrom, seconded by Jim Martinetto, to approve minutes for September 24, 2000. Passed unanimously.

**Chad Sterle:** Cancelled due to a scheduling conflict. He will be at the next meeting to discuss Open Meeting Laws.

**Public Present:** None present

**Election of Officers:**

**Chair:** Wendy Uzelac – Motion made by Tom Neustrom and second by Laura Turman.  
Unanimous vote.

**Vice Chair:** Jim Martinetto – Motion made by Wendy Uzelac second by Steve Connelly.  
Unanimous vote.

**Secretary:** Courtney Kerns– Motion made by Wendy Uzelac second by Laura Turman.  
Unanimous vote.

**Board Member Reports:**

Wendy Uzelac: Nothing to report

Liz Braham: Nothing to report

Laura Turman: Training for officers – Drug testing for Peace Officers – Wondering why they are not tested like other companies do.

Jim Martinetto: Nothing to report

Scott Cook: Nothing to report

Stephen Connolly: Nothing to report

Dan Butterfield: Comment about the amount offenders the courts go through average 70% in the courtroom that day were drug related.

Tom Neustrom: This a great department!

Assist Chief Steve Schaar: Nothing to report

Chief Scott Johnson: Quickly discussed the question regarding why officers do not have to have drug test. He and Assistant Chief Schaar are not aware of any Minnesota law enforcement agency that tests officers for drug usage absent reasonable suspicion, a death or involvement in a traffic accident.

Assistant Steve Schaar: Commented that Officers for their own safety would not want their partner to be under the influence to which would or could endanger the lives of others.

*\*\*Note: Chief Johnson requested that this be added to the meeting minutes:  
The following day, Chief Johnson spoke with City Attorney Sterle who provided his legal opinion that routine testing of officers, absent reasonable suspicion of being under the influence or involvement in a critical incident, should not be done.\*\**

**Old Business:**

None



**New Business:**

- a. Police Officer Recruitment – currently not hiring. Because of the negative media this past year many young people are not entering training to be peace officers or applying to police departments in the numbers they once did. Hibbing Community College has seen a significant drop in enrollment as have many other schools.
- b. GRPD is committed to having the best trained officers. The POST Board mandates 48 hours of continuing education every three year licensing period. Currently, because of the pandemic, training is done on-line. When things open up officers will return to in-person classroom training.
- c. Minnesota “Use of Force” laws were changed on March 1<sup>st</sup>. Peace officers are very concerned about these changes as Conner v. Graham, that national standard for use of force, is no longer the standard in Minnesota. A number of agencies in border states have said they will no longer assist Minnesota officers because of these changes.
- d. A brief description was provided of bills introduced in the legislature this session that if passed would impact policing.
- e. Response to protesters in GR - All protests have been legal and peaceful. Grand Rapids Police Officers have not been assisting the Minneapolis Police Department and have no plans to do so at this time.

**Other Business:**

A discussion was held regarding the time and dates of PCAB meetings. The consensus was that the meetings should be held quarterly at 4:30 PM. Dates were set for the year as:

June 3<sup>rd</sup>, 2021 – Thursday  
September 2<sup>nd</sup>, 2021 – Thursday  
December 2<sup>nd</sup>, 2021- Thursday

Board Chair Uzelac adjourned the meeting at 5:55pm.

**Next meeting:** June 3, 2021- 4:30-5:30 IRA Civic Center

Respectfully submitted: Jackie Heinrich



# CITY OF GRAND RAPIDS

NOTICE OF MEETING  
PLANNING COMMISSION

## Minutes - Final Planning Commission

COUNCIL CHAMBERS  
CITY HALL - 420 N. Pokegama Ave.  
Grand Rapids, MN 55744

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Thursday, February 4, 2021

4:00 PM

Council Chambers

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

### Call To Order

### Call of Roll

**Present** 6 - Commissioner Susan Lynch, Chairperson Molly MacGregor, Vice Chair Patrick Goggin, Commissioner Mark Gothard, Commissioner Ted Hubbes, and Commissioner Betsy Johnson  
**Absent** 1 - Commissioner Lester Kachinske

**Setting of Agenda -** This is an opportunity to approve the regular agenda as presented or add/delete an agenda item by a majority vote of the Commissioners present.

Motion by Commissioner Johnson, second by Commissioner Lynch to approve the agenda as presented: The following roll call vote was taken: Yea: Johnson, Hubbes, Gothard, Goggin, Lynch, MacGregor. Nay: none: motion passed unanimously.

### Approval of Minutes

Approve the minutes of the November 5, 2020, 4:00 pm regular meeting.

Motion by Commissioner Goggin, second by Commissioner Johnson to approve the minutes from the November 5, 2020 regular meeting. The following roll call vote was taken: Yea: Lynch, Goggin, Gothard, Hubbes, Johnson, MacGregor. Nay: None, motion passed unanimously.

### General Business

Consider a recommendation to the City Council regarding the rezoning of a 0.60 acre parcel of land from LB (Limited Business) to GB (General Business).

*Community Development Specialist Trast provided the background information.*

*Mr. Lewis Kellin, filed an application for a Zoning Map Amendment with the City on January 4, 2021. The application requests the City's consideration of the rezoning of*

*the following described property from its current LB (Limited Business) designation to that of GB (General Business):*

**LOTS 1 - 7, AND LOT 8 LESS S 2' THEREOF, ALL IN BLK 24, GRAND RAPIDS FIRST DIVISION, ITASCA COUNTY, MINNESOTA**

*The petition submitted by Mr. Kellin, involves a 0.60 acre lot, generally located in the southwest corner of the 5th Street N and 6th Avenue NE intersection (see map #1). Map #1 illustrates the subject property in relation to the existing zoning in the area: GB (General Business) adjacent to the southwest, south and east, LB (Limited Business) to the direct west and north, and R-2 (One-Two Family Residential) to the northeast.*

*Currently, the subject property (423 6th Avenue NE) contains a 6,523 sq. ft. building, previously occupied by the Faith Baptist Church, which has been vacant for the past several years, a 576 sq. ft. garage building and a gravel parking area.*

*The Zoning Map Amendment, if approved, would facilitate the conversion of the subject building and property by the Kellin's into "CoHaus Collective Workspace", a community & membership driven workspace/meeting space (uses permitted within the LB & GB zoning district, but restricts the building GFA (gross floor area) to 3,000 and 5,000 sq. ft. respectfully, in the LB zoning district).*

**Motion by Commissioner Johnson, second by Commissioner Goggin that, based on the findings of fact presented here today, and in the public's best interest, the Planning Commission does hereby forward to the City Council a recommendation to approve the Zoning Map Amendment, as petitioned by Mr. Lewis Kellin, described within the Staff Report and as shown in the maps presented here today, from LB (Limited Business) to GB (General Business);**

**With the following considerations:**

- 1. Will the change affect the character of neighborhoods?**  
**Why/Why not?** No, it is surrounded by other commercial buildings.
- 2. Would the change foster economic growth in the community?**  
**Why/Why not?** Yes, it will foster growth by taking a vacant building and putting it back on the tax rolls as well  
as helping new business get started.
- 3. Would the proposed change be in keeping with the spirit and intent of the ordinance?**  
**Why/Why not?** Yes, it will be used as commercial which is the intent.
- 4. Would the change be in the best interest of the general public?**  
**Why/Why not?** Yes, it will take a vacant building and make it a usable gathering place for the community  
and it will also bring it into ADA compliance.
- 5. Would the change be consistent with the Comprehensive Plan?**  
**Why/Why not?** Yes, it fits well and will revitalize a vacant building.

**The following roll call vote was taken: Yea: Lynch, Goggin, Gothard, Hubbes, Johnson, MacGregor. Nay: None, motion passed unanimously.**



**Public Input**

**Miscellaneous\Updates**

*Commissioner Lynch's term is up the beginning of March, staff and City Attorney Sterle thanked her for her years of service on the Planning Commission. Mr. Trast noted there will be a vacancy on the Planning Commission if anyone is interested they should contact the Administration Department at City Hall.*

**Adjourn**

**There being no further business the meeting adjourned at 4:40 p.m.**



# CITY OF GRAND RAPIDS

## Minutes - Final - Final Public Utilities Commission

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Wednesday, May 12, 2021

4:00 PM

Conference Room of Public Utilities Service Center

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### CALL TO ORDER

Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Public Utilities Commission was held on Wednesday, May 12, 2021 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

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

The meeting was accessible to the public by phone via Microsoft Teams by dialing 1-612-601-1964 and entering conference ID 218755142#, as stated in the published agenda.

### CALL OF ROLL

*President Tom Stanley announced the Roll Call, requesting members of the Commission present in the Meeting Room or via Microsoft Teams to please indicate their presence by stating "here" as he called their names. Present in the meeting room was President Tom Stanley. Present via Microsoft Teams Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith. Secretary Kathy Kooda was absent with notice.*

**Present** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

**Absent** 1 - Secretary Kathy Kooda

*Others Present in the conference room: General Manager Kennedy. Others Present via Microsoft Teams: Electric Department Manager Goodell, Water/Wastewater Department Manager Mattson, Finance Manager Betts, Business Services Manager Lane, Administrative/HR Assistant Flannigan, Rebecca Kurtz, Senior Municipal Advisor of Ehlers Public Finance Advisors, Aaron Worthman, CPA, Partner and Dan La Haye, CPA, Senior Manager of Baker Tilly US, LLP, and Pete Garsow of ICTV.*

### MEETING PROTOCOL POLICY

The GRPUC has adopted a Meeting Protocol Policy, which informs attendees of the GRPUC'S desire to conduct meetings in an orderly manner which welcomes all civil input from interested parties. If you are unaware of the policy, please contact our office at 218-326-7024 ext. 1 and we will provide you with a copy of the policy.

- 1      [21-1891](#)      Presentation by Aaron Worthman, CPA, Partner and Dan La Haye, CPA, Senior Manager of Baker Tilly US, LLP on the 2020 GRPU financial audit.

Received and Filed

#### APPROVAL OF MINUTES

- 2      [21-1835](#)      Consider a motion to approve the minutes of the April 19, 2021 regular meeting and the April 27, 2021 special meeting.

**A motion was made by Commissioner Rick Blake, seconded by Commissioner Rick Smith, to approve the minutes of the April 19, 2021 regular meeting and the April 27, 2021 special meeting. The motion carried by the following vote:**

**Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

#### PUBLIC FORUM

**If you wish to address the Commission under the public forum, see above information to access the meeting via Teams by phone.**

*None present.*

#### COMMISSION REPORTS

*No items.*

#### CONSENT AGENDA

**Any item on the consent agenda shall be removed for consideration by request of any one Commission member, Utility staff, or the public and put on the regular agenda for discussion and consideration.**

- 6      [21-1806](#)      Consider a motion to approve the upgrade of the business computer servers to WIN2019 and SQL 2019 in the amount of \$43,054, and the upgrade of the business application software to GP Dynamics 2018 R2 and Cogsdale 2020 R2 in the amount of \$55,125.

**Approved by consent roll call vote.**

- 3      [21-1881](#)      Consider a motion to approve the City Treasurer's Report and the Investment Activity Report for April 2021.

**Approved by consent roll call vote.**



- 4      [21-1880](#)      Consider a motion to approve the write off of May uncollectible accounts in the amount of \$1,665.97.  
Approved by consent roll call vote.
- 11     [21-1855](#)      Consider a motion to approve the purchase of a manhole lifter from Rock Mills for the Vehicle Mounted Manhole Lifter capital project in the amount of \$6,320.00.  
Approved by consent roll call vote.
- 7      [21-1872](#)      Consider a motion to approve the purchase of small padmount transformers from Border States in the amount of \$40,167.74  
Approved by consent roll call vote.
- 8      [21-1875](#)      Consider a motion to approve the purchase of small polemount transformers from RESCO in the amount of \$43,412.63.  
Approved by consent roll call vote.
- 9      [21-1876](#)      Consider a motion to approve the purchase of a large three phase transformer from RESCO in the amount of \$15,940.41.  
Approved by consent roll call vote.
- 10     [21-1877](#)      Consider a motion to approve the purchase of 15 single phase reclosers from irby utilities in the amount of \$62,685.00  
Approved by consent roll call vote.

#### **Approval of the Consent Agenda**

A motion was made by Commissioner Rick Smith, seconded by Commissioner Luke Francisco, to approve the Consent Agenda as presented. The motion carried by the following vote:

Aye: 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

#### **SETTING OF REGULAR AGENDA**

This is an opportunity to approve the regular agenda as presented, or add/delete an agenda item by a majority vote of the Commission members present.

A motion was made by Commissioner Rick Smith, seconded by Commissioner Rick Blake, to approve the Regular Agenda, as presented. The motion carried the by following vote:

Aye: 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

**ADMINISTRATION DEPARTMENT**

- 12      [21-1863](#)      Review the May Administration Department Report.
- General Manager Kennedy reviewed the May Administration Department Report with the Commission.*
- Received and Filed

**BUSINESS SERVICES DEPARTMENT**

- 13      [21-1889](#)      Consider a motion to adopt Resolution No. 5-12-21-1 removing Tyanne Betts from GRPU treasury functions and authorizing various treasury functions to specific GRPU employees and commission members for the Wells Fargo bank account and short-term investments.
- A motion was made by Commissioner Rick Blake, seconded by Commissioner Luke Francisco, to adopt Resolution No. 5-12-21-1 removing Tyanne Betts from GRPU treasury functions and authorizing various treasury functions to specific GRPU employees and commission members for the Wells Fargo bank account and short-term investments. The motion carried by the following vote:**
- Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith
- 14      [21-1885](#)      Consider a motion to approve Resolution No. 05-12-21-2 the issuance and sale of \$873,000 City of Grand Rapids, Minnesota General Obligation Utility Revenue Refunding bonds, Series 2021A (Public Utilities Commission).
- A motion was made by Commissioner Rick Blake, seconded by Commissioner Luke Francisco, to approve Resolution No. 05-12-21-2 the issuance and sale of \$872,000 City of Grand Rapids, Minnesota General Obligation Utility Revenue Refunding bonds, Series 2021A (Public Utilities Commission), with a revised amount of \$872,000.00. The motion carried by the following vote:**
- Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith
- 15      [21-1887](#)      Consider a motion to approve Resolution No. 05-12-21-3 accepting the audited financial statements and related auditor's letters.
- A motion was made by Commissioner Luke Francisco, seconded by Commissioner Rick Smith, to approve Resolution No. 05-12-21-3 accepting the audited financial statements and related auditor's letters. The motion carried by the following vote:**
- Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

16      [21-1883](#)

Review the May Business Services Department Report.

*Business Services Manager Lane reviewed the May Business Services Department Report with the Commission.***Received and Filed****ELECTRIC DEPARTMENT**17      [21-1878](#)

Consider a motion to accept the quote from Paul Bunyan Communications for conversion of GRPU fiber from overhead to underground in the vicinity of Grand Rapids City Hall in the amount of \$28,822.41.

**A motion was made by Commissioner Rick Blake, seconded by Commissioner Rick Smith, to accept the quote from Paul Bunyan Communications for conversion of GRPU fiber from overhead to underground in the vicinity of Grand Rapids City Hall in the amount of \$28,822.41. The motion carried by the following vote:****Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith18      [21-1879](#)

Review the May Electric Department Report.

*Electric Department Manager Goodell reviewed the May Electric Department Report with the Commission.***Received and Filed****WATER AND WASTEWATER DEPARTMENT**19      [21-1856](#)

Review the May Water-Wastewater Department Report.

*Wastewater/Wastewater Department Manager Mattson reviewed the May Water and Wastewater Department Report with the Commission.***Received and Filed****SAFETY REPORT**20      [21-1864](#)

Review the May Safety Report.

*General Manager Kennedy reviewed the May Safety Report with the Commission.***Received and Filed****VERIFIED CLAIMS**



- 21      21-1882      Consider a motion to approve the verified claims for April in the amount of \$1,573,128.81.

Computer Check Register \$1,009,471.57

Manual Check Register \$563,657.24

A motion was made by Commissioner Luke Francisco, seconded by Commissioner Rick Blake, to approve the verified claims for April in the amount of \$1,573,128.81 (Computer Check Register \$1,009,471.57 and Manual Check Register \$563,657.24). The motion carried by the following vote:

**Aye:** 4 - President Tom Stanley, Commissioner Rick Blake, Commissioner Luke Francisco, and Commissioner Rick Smith

#### **ADJOURNMENT**

**The next Special Meeting/Work Session of the Commission is Tuesday, May 25, 2021 at 8:00 a.m. in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.**

**The next Regular Meeting of the Commission is Wednesday, June 16, 2021 at 4:00 p.m. in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.**

*By call of the chair, the regular meeting was declared adjourned at 5:40 PM.*

*Respectfully submitted: Christine Flannigan, Administrative/HR Assistant.*

**PUBLIC UTILITIES COMMISSION**  
**ACCOUNTS PAYABLE**  
**APRIL 2021**  
**(Meeting Date: 05/12/2021)**

Acheson Tire	370.00	L & M Supply	184.96
Aramark	263.23	Langer, Stephen	103.99
Automation Direct	233.50	Lano, Nelson & Bengtson	720.00
Beaver, Bob	480.00	Macqueen Equipment	3,024.18
Bocinsky, James	193.27	Steve Mattson	28.00
Border States	1,522.97	McCoy	374.78
Bowers, Jake	119.95	Mcgrann Shea Carnival Straughn & Lamb	647.50
Bunes Septic Service	215.00	McMaster-Carr	1,506.18
Burgraff's Ace	27.96	Mielke Electric Works	2,785.00
The Busy Bees QCS	1,991.64	Minnesota Power	890,678.46
CarQuest	403.31	North Central Laboratories	157.18
Central McGowan	2,267.96	Northern Business Products	1,357.02
City of Grand Rapids	1,625.95	Northern Drug Screening	130.00
Coles	277.21	NOS Automation	1,848.25
Compass Minerals	3,772.94	Pace Analytical	12.48
Cooperative Response Center	1,884.56	Personnel Dynamics LLC	1,518.29
Core & Main	9,782.86	Pictometry International Corp	8,502.50
CW Technology	4,394.80	Polydyne Inc	2,737.69
Dickie, Brett	139.99	Pro-Max Machine	1,084.00
Duluth New Tribune	215.80	James Radtke	5,486.88
Electric Pump	3,024.73	Rapids Printing	625.00
Fastenal	2,180.48	RMB Environmental Lab	560.00
Faster Solutions	330.00	Sandstroms	552.16
Ferguson	374.11	S E H	1,490.00
Gopher State One Call	337.50	Shred-It	1,517.50
Graham International	6,418.00	Tech Sales Co	2,792.40
Grainger	342.38	Telcologix, LLC	208.50
Graybar	741.12	TNT Aggregates LLC	6,626.00
Green, Doug	225.00	Trboyevich, Doug	143.99
Hach	94.94	United Parcel Service	138.25
Hunt Electric Corporation	7,486.95	United Rentals	1,728.69
Ingersoll Rand	1,697.00	Viking Electric	1,506.77
Itasca County Treasurer	1,828.79	Wesco	1,511.90
Kaman	10,987.17		
KOZY	932.00		

TOTAL

1,009,471.57

### April 2021 Check Register

Document Date	Check #	Vendor Name	Document Amount	
4/1/2021	4364	Northeast Service Cooperative	4,092.00	4/30/2021
4/1/2021	4365	Invoice Cloud	2,363.95	4/30/2021
4/9/2021	4366	Public Employees Retirement Association	15,785.84	4/9/2021
4/9/2021	4367	Minnesota Dept. of Revenue	4,627.98	4/9/2021
4/9/2021	4368	Wells Fargo Bank	27,622.33	4/9/2021
4/9/2021	4369	Empower Retirement	9,303.68	4/9/2021
4/19/2021	4370	Minnesota Department of Revenue	58,115.00	4/30/2021
4/19/2021	4371	Minnesota Department of Revenue	143.00	4/30/2021
4/27/2021	4372	Northeast Service Cooperative	55,039.50	4/30/2021
4/12/2021	4373	Further	2,051.26	4/30/2021
4/23/2021	4374	Public Employees Retirement Association	14,795.64	4/23/2021
4/23/2021	4375	Minnesota Dept. of Revenue	5,149.52	4/23/2021
4/23/2021	4376	Wells Fargo Bank	32,252.10	4/23/2021
4/23/2021	4377	Empower Retirement	32,770.39	4/23/2021
4/23/2021	4378	Further	3,451.26	4/30/2021
4/30/2021	4379	Minnesota Dept. of Revenue	218.73	4/30/2021
4/30/2021	4380	Wells Fargo Bank	1,305.39	4/30/2021
4/1/2021	77925	Minnesota Department of Commerce	3,015.47	4/1/2021
4/1/2021	77926	Minnesota Energy Resources Corp.	18.00	4/1/2021
4/1/2021	77927	United Parcel Service	19.37	4/1/2021
4/1/2021	77928	Verizon Wireless	1,384.19	4/1/2021
4/1/2021	77929	Postage By Phone System	3,000.00	4/30/2021
4/5/2021	77930	Government Leasing and Finance Inc	97,269.66	4/5/2021
4/9/2021	77931	NCPERS Group Life Ins	128.00	4/9/2021
4/14/2021	77932	Customer Refunds- Ronald Miller	89.54	4/30/2021
4/14/2021	77933	Customer Refunds- Hailey G Timo	87.15	4/30/2021
4/14/2021	77934	Customer Refunds- Dawn M Phillips	69.44	4/30/2021
4/14/2021	77935	Customer Refunds- Kenneth R Koehler	52.76	4/30/2021
4/14/2021	77936	Customer Refunds- David J Fleischman	116.73	4/30/2021
4/14/2021	77937	Customer Refunds- Abram N Osborne	43.94	4/30/2021
4/14/2021	77938	Customer Refunds- Garret D Heidinger-Jenson	77.92	4/30/2021
4/15/2021	77939	Minnesota Pollution Control Agency	2,295.00	4/15/2021
4/15/2021	77940	Further	99.00	4/15/2021
4/20/2021	77941	Customer Refunds- City of Cohasset	17,667.70	4/30/2021
4/20/2021	77942	Customer Refunds- Corey W & Barbara K Cleveland	821.81	4/30/2021
4/20/2021	77943	Customer Refunds- Cody Beaulieu	91.26	4/30/2021
4/22/2021	78017	Postage By Phone System	3,000.00	4/30/2021
4/23/2021	78018	Minnesota Council 65	1,731.00	4/23/2021
4/23/2021	78019	AFSCME PEOPLE	20.00	4/23/2021
4/26/2021	78020	Customer Refunds- Game Stop	437.34	4/30/2021
4/26/2021	78021	Customer Refunds- Central Builders	446.11	4/30/2021
4/26/2021	78022	Customer Refunds- Woodland Bank	59.25	4/30/2021
4/26/2021	78023	Customer Refunds- Hawk Construction	329.06	4/30/2021
4/26/2021	78024	Customer Refunds- Douglas & Diane Schuster	41.27	4/30/2021
4/26/2021	78025	Customer Refunds- Randall E Kennedy	51.76	4/30/2021



4/26/2021 78026	Customer Refunds- Kenneth & Rachel Weis	47.13	4/30/2021
4/26/2021 78027	Customer Refunds- Helga G Nagler	67.24	4/30/2021
4/27/2021 78028	First Net / AT & T Mobility	317.52	4/27/2021
4/27/2021 78029	Grand Rapids Area Community Foundation	230.19	4/27/2021
4/27/2021 78030	Minnesota Energy Resources Corp.	439.24	4/27/2021
4/27/2021 78031	United Parcel Service	14.87	4/27/2021
4/27/2021 78032	UNUM Life Insurance Co of America	2,630.31	4/27/2021
4/27/2021 78033	Verizon Wireless	805.47	4/27/2021
4/27/2021 78034	UPS	9.93	4/27/2021
4/26/2021 78050	City of LaPrairie	12,707.20	4/30/2021
4/29/2021 78051	Minnesota Energy Resources Corp.	23.31	4/29/2021
4/29/2021 78052	Minnesota Pollution Control Agency	827.75	4/29/2021
4/29/2021 78053	Waste Management of WI-MN	870.42	4/29/2021
4/30/2021 78054	City of Grand Rapids	70,529.53	4/30/2021
4/30/2021 78055	City of Grand Rapids	253.50	4/30/2021
4/30/2021 78056	City of Grand Rapids	72,333.33	4/30/2021

Checks Previously Approved  
Manual Checks to be approved  
**Total Manual Checks**

0.00
<u>563,657.24</u>
<b>563,657.24</b>



# CITY OF GRAND RAPIDS

## Minutes - Final - Final Public Utilities Commission

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Tuesday, May 25, 2021

8:00 AM

Conference Room of Public Utilities Service Center

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### CALL TO ORDER

Pursuant to due notice and call thereof, a Special Meeting/Work Session of the Grand Rapids Public Utilities Commission was held on Tuesday, May 25, 2021 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

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

The meeting was accessible to the public by phone via Microsoft Teams by dialing 1-612-601-1964 and entering conference ID 757449416#, as stated in the published agenda.

### CALL OF ROLL

*President Tom Stanley announced the Roll Call, requesting members of the Commission present via Microsoft Teams to please indicate their presence by stating "here" as he called their names. Present in the conference room were President Tom Stanley and Commissioner Rick Smith. Present via Microsoft Teams video conference were Secretary Kathy Kooda and Commissioner Luke Francisco. Commissioner Rick Blake was absent with notice.*

**Present** 4 - President Tom Stanley, Secretary Kathy Kooda, Commissioner Luke Francisco, and Commissioner Rick Smith

**Absent** 1 - Commissioner Rick Blake

*Others present in the conference room were General Manager Julie Kennedy, Water/Wastewater Department Manager Steve Mattson and Administrative/HR Assistant Christine Flannigan. Others Present via Microsoft Teams were Electric Department Manager Jeremy Goodell and Business Services Manager Jean Lane.*

1      [21-1918](#)

Acknowledge the proper posting of the special meeting date, time, and purpose.

*President Tom Stanley acknowledged the proper posting of the special meeting/work session date, time and purpose.*

- 2      [21-1925](#)      Consider a motion to approve the verified claims for April in the amount of \$52,364.94  
Computer Check Register \$52,364.94

A motion was made by Commissioner Luke Francisco, seconded by Secretary Kathy Kooda, to approve the verified claims for April in the amount of \$52,364.94 (Computer Check Register \$52,364.94-AP List 2021.04.30 #2). The motion carried by the following vote:

Aye: 4 - President Tom Stanley, Secretary Kathy Kooda, Commissioner Luke Francisco, and Commissioner Rick Smith

- 3      [21-1926](#)      Governance discussion.

*General Manager Kennedy and Business Services Manager Lane reviewed a draft of the proposed Procurement Policy with the Commission. Discussion followed. The policy will be on the June regular meeting agenda for consideration of approval.*

#### ADJOURNMENT

**The next Regular Meeting of the Commission is rescheduled to Tuesday, June 15, 2021 at 4:00 p.m. in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.**

**The next Special Meeting/Work Session is Tuesday, June 29, 2021 at 8:00 a.m. in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.**

*By call of the chair, the special meeting/work session was declared adjourned at 9:13 AM.*

*Respectfully submitted: Christine Flannigan, Administrative/HR Assistant.*



**Public Utilities Commission  
Accounts Payable  
April 2021 #2 (Worksession)  
Meeting Date: 5/25/2021**

NAME	AMOUNT
Baker Tilly US LLP	13,580.00
Casper Construction	300.00
Chamber of Commerce	135.00
City of Grand Rapids	633.00
Davis Oil	2,925.15
Fastenal	2,312.58
Figgins Truck & Trailer	214.78
Government Finance Officers	460.00
Grainger	320.45
Hawkins Inc	7,543.72
Johnson, Killen & Seiler PA	588.50
Macqueen Equipment	358.21
Nextera	641.00
Northeast Technical Services	3,006.25
Pepsi Bottling Group	3,146.89
Pictometry International Corp	6,607.38
Public Utilities Commission	5,432.86
Rapids Welding Supply	60.36
Stuart C Irby	2,123.09
US Bank Equipment	315.73
Viking Electric	11.19
Wells Fargo- JG	271.98
Wells Fargo- JK	1066.91
Wells Fargo- SM	80.49
Xerox	124.42

Appliance Rebates	
Joseph Alto	35.00
Gordon Stram	70.00

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52,364.94

POKEGAMA GOLF COURSE BOARD MEETING  
MAY 18, 2021 AT 7:30AM VIA CONFERENCE CALL

Attendees: Rick McDonald, John Bauer, Bob Cahill, Pat Pollard, Kelly Kirwin and Brad Gallop

The meeting was called to order by Bob Cahill at 7:30am.

Rick made a motion to approve the April Minutes. Pat Second. Motion Carried.

Pat made a motion to approve the May bills in the amount of \$66,938.65. Rick Second. Motion Carried.

Bob gave an update on the golf course. Steve Ross was not present; he was on the course working on the irrigation system. We did have an \$800 repair in the pump house and Steve and his team are doing some spring work on the irrigation system. They are also working on stump removal on #15. They sodded the new hill near #7 green. They removed old bushes by the practice tee and sodded that area also. They will be adding small fencing around the electric box and septic pipes that are showing. We are expecting Hawkinson to do the asphalt project next week.

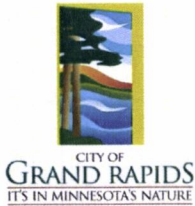
John talked about how many golfers are cutting through the woods from #1 green to #2 tee. Pat suggested we put up a few small stakes or some type of small barrier that will encourage golfers to stay on the cart path to the next tee. John also asked that we all take a look at the big tree on #10 corner because it is dying and will fall down and will completely change that tee shot for that golf hole. Let's continue to talk about our plan for that space.

Bob moved in to his report. Financials are strong so far this year with an early opener and the season pass holders are up again this year. Concessions are open with a full menu. We have not received any reports or updates from Nathan Morlan with the city about the insulation for the maintenance building, so that project has not yet moved forward. Bob will follow-up with him. Kelly asked about the driving range as we have received numerous complaints about the golf shop closing early. Bob confirmed the golf shop is open every night until 7pm now so that should help with this. Kelly asked if we should look again at getting a ball machine so pass holders have access to range balls after 7pm also. We will continue to monitor this issue and we can look in to a ball machine if necessary. The course is in great shape and we are hearing lots of compliments already about the course.

Next month we will meet in person at PGC at 7:30am.

Meeting was adjourned by Rick. Second by Pat. Meeting Closed.

## ITEM # 1



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Approve entering into agreements with "Time Machine" and "Mallrats" for entertainment related to Tall Timber Days  
**PREPARED BY:** Kim Gibeau

---

#### **BACKGROUND:**

Tall Timber Days has requested that the City contract with "Time Machine" and "Mallrats" for 2021 entertainment at the Tall Timber Days event held August 6-8, 2021. The City's insurance policy will cover concerts and bands if they are contracted with the City. Tall Timber Days organization will be responsible for paying all per diem expenses noted in the contracts directly to the bands and will reimburse the City of Grand Rapids for performance expenses totaling \$11,000. Contracts with both bands are attached for review.

#### **ATTACHMENTS:**

Mallrats Performance Contract  
Time Machine Performance Contract

#### **REQUESTED COUNCIL ACTION:**

Make a motion approving performance contracts with "Time Machine" and "Mallrats" for Tall Timber Days celebration August 6-8, 2021 and authorize payments as stated in the contracts.



Revised: 05/21/2021, 02:21 pm

# TIME MUSIC AGENCY, INC

PO Box 605, Mound MN 55364 Office: (952) 448-4202 [www.timemusicagency.com](http://www.timemusicagency.com)

## MUSICAL PERFORMANCE SERVICES AGREEMENT

*ANY AND ALL RIDERS ATTACHED HERETO ARE MADE A PART HEREOF*

This Musical Performance Services Agreement is being entered into on June 19th, 2020 by and between the purchaser and the Artist. Whereas the purchaser of Artist (herein called "Purchaser") is a business or organization desiring to hire entertainment, and whereas the Artist (herein called "Artist") are desiring to furnish the Purchaser their services. Therefore in consideration of the promises of the parties and for other good and valuable consideration as set forth below, the Purchaser agrees to hire the Artist and the Artist agrees to perform for the Purchaser upon the terms and conditions as set forth in this agreement. The agent (herein called "Agency") is Time Music Agency.

**1. Artist:** Time Machine

**2. Venue:** Street Dance  
Downtown  
Grand Rapids, MN 55744

**3. Date(s) of Engagement:** 08/07/2021  
4 sets with breaks

**Load-In:** 5:00 pm

**Soundcheck:** 6:00 pm - 6:30 pm

**Doors:** 7:00 pm

**Showtime:** 8:00 pm - 12:00 am

**4. Compensation:** \$6,000.00 (Six Thousand and 00/100 dollars - U.S.)

**5. Payment:**

- 5a.** A non-refundable earnest money deposit in the amount of \$3,000.00 made payable to Time Music Agency is due with signed contract.
- 5b.** The remaining balance of \$3,000.00 is due, owing and shall be made payable to Time Machine the day of the show.

TIME IS OF THE ESSENCE ON ALL PAYMENTS DUE TO: TIME MACHINE

**6. Production and Staging:** Artist to provide production.

Purchaser will provide a professional stage requisite of the specific ARTIST's needs. Artist will provide an amplified sound system and lighting. In addition Artist will provide qualified monitor, house and light technicians, all of whom will be available during sound or line check as well as ARTIST's performance. Purchaser agrees that ARTIST has no obligations to provide any equipment or personnel other than what is described in this Section in order to facilitate ARTIST's live musical performance

**7. Additional Terms:** Carried over from 2020. Band and client can mutually agree on the sets prior to the show.  
See attached "TIME MACHINE Technical RIDER"

**8. Accommodations:** 6 rooms

**9. Permits/Licenses:**

Artist is not responsible for any necessary permits and licenses necessary to schedule, implement and facilitate ARTIST's performance, including but not limited to, performing rights organizations including, but not limited to, ASCAP, BMI, SESAC and SoundExchange; federal, state and local governmental authorities; and the property owner(s) or agents and assigns thereof on whose real property the Artist's performance shall take place.

**10. Inclement Weather/Outdoor Performances:**

In the event of inclement weather, purchaser agrees to provide an alternative site PRIOR to any setup of the ARTIST or the ARTIST's production crew if applicable. If no alternative site is provided, ARTIST will have no liability to Purchaser if ARTIST determines, in its exclusive and sole right of discretion, that its performance is or will become hazardous, prevented or substantially impaired due to inclement weather. In such occurrence, Purchaser remains liable to ARTIST for the full contract price. Water in the air space or on the surface of the performance area can render that show cancellable at ARTIST's discretion.

**11. RE-BOOKING:**

In the event Purchaser or Artist, on their own effort and without written permission involving Time Music Agency, Inc., books Artist into any establishment owned in whole or part, booked alone or with other parties, or controlled/represented by the Purchaser within twelve (12) months after the engagement date above, Time Music Agency, Inc shall be owed and paid by Artist a commission of 25% ( twenty-five percent ) of the total contract price that Artist and Purchaser agreed to therein and Artists's failure to honor this clause is a material breach of this contract.

Revised: 05/21/2021, 02:21 pm

The parties have read, understood, and agree to the conditions and terms of this contract and any riders attached to this agreement. Both parties have had adequate time to review this contract with their respective legal counsel or advisors.

Dated: \_\_\_\_\_

For Purchaser

Dated: \_\_\_\_\_

For ARTIST - Tax ID#: 27-1942260

X

\_\_\_\_\_  
By:  
**Dale Christy Mayor of Grand Rapids  
City of Grand Rapids**

**Downtown  
Grand Rapids, MN55744  
Office: (303)618-5561  
davidjess356@hotmail.com**

\_\_\_\_\_  
By:  
**Chad Higgins  
Time Music Agency**

**PO Box 605  
Mound, MN 55364  
Office: (952) 448-4202  
Chad@timemusicagency.com**



## **Time Machine Tour Rider**

The following rider is attached to and made a part of the Artist Engagement Contract and is to be provided to the artist at no cost. The artist makes these requests to help insure that the band and crew receive the following provisions and amenities to achieve a professional and high quality performance.

### Stage and Set-up:

- Access to facility must be available at least 5 hours prior to performance
- Please notify management of any irregular load ins
- **Minimum** stage requirements: 24' wide x 16' deep. Stage must be level.
- 8' x 8' Drum Riser is requested to be center stage. Preferred height is 16", but anything between 12" and 24" is acceptable.
- Parking must be available for 2 trucks w/trailers, and 5 cars

### Power Requirements:

- 220-50 amp single phase for lights and 50 amp single phase for sound. Range plug three straight one round two positives neutral and ground or can wire direct

### **When Purchaser provides production, the following applies:**

#### Front of House Sound Requirements:

- Console- 32 channel x 8 minimum with 4 band EQ, 6 auxiliary sends minimum
- 31 band EQ and professional effects processing
- Main speakers and power should sufficiently cover the entire venue at full capacity.

#### Monitor Requirements:

- 24 channel monitor mixer with 6 mixes and 31 band EQs. Four wedges across the front. All wedges require a 15" speaker and 2" horn.
- Monitor feed for drum mixer (run to drums).

Lighting Requirements:

- Stage lighting needs to be of professional quality, and needs to sufficiently light up the entire stage. Minimum of (24) 500 watt par 64's upstage, and (12) downstage. Moving lights are always welcome.
- A spotlight should be used in venues with a capacity of 300 persons or more

Hospitality:

- Purchaser must provide a clean, well lit, dry, lockable, heated/cooled dressing room adjacent or in VERY close proximity to the stage for costume changes throughout the show. The following items to be placed in room (on ice) before band arrives:
- 1 case of bottled water
- 1 case of Michelob Golden light beer (or Coors Light)
- 12 assorted soft drinks (Diet & Regular)
- 8 pack of 5 Hour Energy or equivalent
- Food: For any show outside of a 60 mile radius from the Minneapolis/St. Paul metro area, please provide healthy meals for 8. (Preferably no junk food-Jimmy Johns/Subway is a good option)

Please contact with any questions or comments:

Time Machine Management

Chad Higgins

Time Music Agency

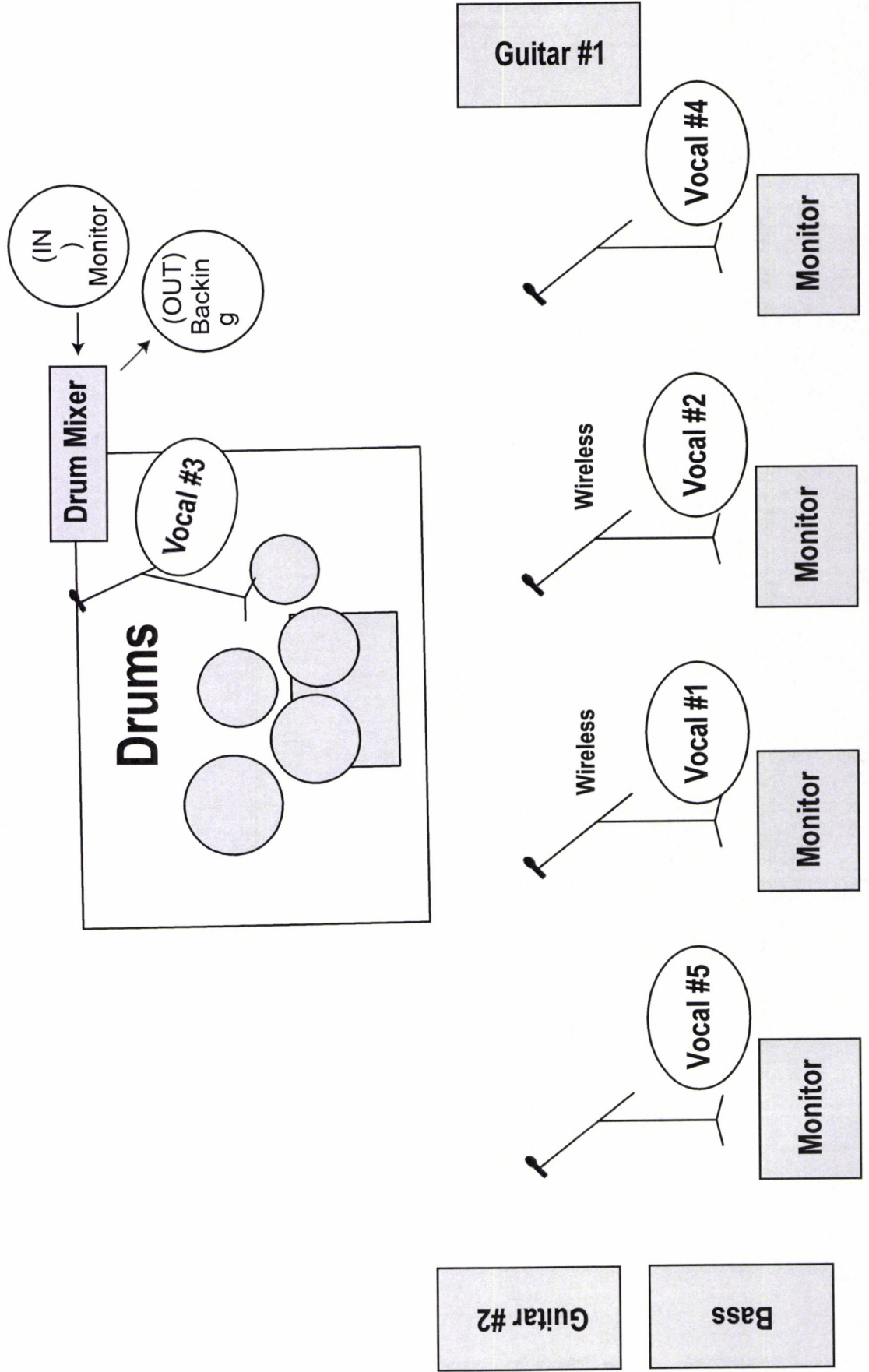
952-448-4202

chad@timemusicagency.com

# TIME MACHINE

Stage Plot

Stage Plot





# TIME MACHINE

## Input List

- 1) Kick Drum
- 2) Snare Drum
- 3) Tom 1
- 4) Tom 2
- 5) Tom 3
- 6) Floor Tom 1
- 7) Floor Tom 2
- 8) Hi-Hat
- 9) Ride Cymbal
- 10) Overhead Mic
- 11) Overhead Mic
- 12) Backing Tracks
- 13) Bass
- 14) Guitar 2
- 15) Guitar 1
- 16) Vocal 1 (Jay)
- 17) Vocal 2 (Leisha)
- 18) Vocal 3 (Kevin – Guitar)
- 19) Vocal 4 (Ivan – Bass)
- 20) Vocal 5 (Erich – Drums)

Please return a copy to:  
tmazzone77@yahoo.com or  
2425 40<sup>th</sup> St. North  
Sartell, MN 56377

**MALLRATS COPY**

PERFORMANCE CONTRACT

**please make check payable to:**

**TONY MAZZONE**

This contract is for the personal services of the musical group known as MALLRATS, hereinafter referred to as "PERFORMERS" and DALE CHRISTY / CITY OF GRAND RAPIDS, MN, hereinafter referred to as "EMPLOYER", made this 14<sup>TH</sup> day of JANUARY, 2021.

The PERFORMERS are hereby engaged severally and do hereby agree only to the following terms and conditions.

Place of Performance GRAND RAPIDS, MN Specific Activity TALL TIMBER DAYS

Date of Performance: FRIDAY, AUGUST 6<sup>TH</sup> 2021

Time of Performance DJ DAVE: 7:30-8:30 / MALLRATS: 8:45 P.M.-11:30 P.M.

Payment Amount: \$5,000.00 \*\*make check payable to: Tony Mazzone\*\* Deposit \$1000.00

Guaranteed Minimum SEE #12

1. PERFORMERS agree to furnish musicians and crew.
2. PERFORMERS may have the option to substitute or arrange for alternate musicians as they deem advisable or necessary.
3. PERFORMERS agree to entertain with the type of music they are best known for and reserve the right to choose music from their repertoire unless otherwise agreed herein and with provisions as indicated under other conditions. (paragraph no. 2)
4. PERFORMERS reserve the right to cancel this contract by non-performance in the case of a legitimate condition beyond their control.
5. Cancellation by either party must be in writing and received by the other party not less than forty-five (45) days prior to the date of performance, (however, preserving the condition of paragraph no. 4)
6. If EMPLOYER cancels the performance less than fifteen (15) days before the performance date, the EMPLOYER will render full payment of original agreed upon "Payment Amount" to the PERFORMERS.
7. The EMPLOYER shall be responsible for providing chaperones and supervisory personnel for the individuals attending the performance.
8. The EMPLOYER agrees to substitute and amount of gate receipts if contract term for "Payment Amount" is percent of gate.
9. The EMPLOYER shall have or arrange for any insurance coverage that may be considered advisable for the performance and shall bear the cost thereof.
10. Recording, reproduction, transmission or replay of the whole or any part of this performance without specific written agreement of the PERFORMERS is strictly prohibited.
11. The PERFORMERS accept no responsibility for any damage to the building or contents as the EMPLOYER has accepted the responsibility of audience control and supervision.
12. Other terms or conditions IF CANCELLED DUE INCLEMENT WEATHER, MALLRATS WILL BE PAID \$5,000.00
13. The entire agreement is herein contained and no other provisions, whether implied or verbal, shall be binding unless it shall be in writing and attached hereto and made a part thereof.
14. The EMPLOYER and PERFORMERS hereby acknowledges receipt of a copy of this contract.

DALE CHRISTY / CITY OF GRAND RAPIDS, MN

EMPLOYER

Phone ( ) -

\_\_\_\_\_  
REPRESENTATIVE / AGENT

Date: \_\_\_\_\_

MALLRATS

PERFORMER

Phone (320) 761 - 1809

Tony Mazzone

REPRESENTATIVE / AGENT

Date: 1/14/21

## **MALLRATS TOUR RIDER**

The following rider is attached to and made part of the Artist Contract. The rider items are provided to the artist at no cost. Mallrats makes these requests for provisions and amenities to achieve a professional and quality performance.

### **STAGE and SET UP**

- Staging is provided by City of Grand Rapids / Tall Timber Fest.
- Access to the facility at least 6 hrs prior to performance.
- Please notify management of any irregular load in details.
- Minimum stage requirements: 24' wide x 16' deep with 8X8 drum riser (Level & Stable)

\*\*Mallrats will load in at 5:00

\*\*Mallrats will provide DJ Dave at no cost to Grand Rapids / Tall Timber Fest

### **POWER REQUIREMENTS**

- Minimum 220 volt – 50 amp power

### **ADDITIONAL NOTES**

- Mallrats will be providing and using a 20 ft wide LED Motion Drape back drop
- Mallrats will be providing and using confetti canons during their performance

### **LODGING / MEALS**

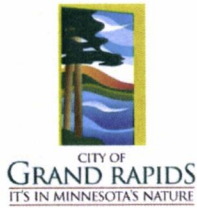
- case of bottled water at venue
- case of beer at venue (mich golden lite, coors lite or bud lite)
- lodging for 6 people (2 rooms minimum)
- dinner for 6 people before show

### **Questions or comments, please contact:**

Tony Mazzone  
320-761-1809  
tmazzone77@yahoo.com



**ITEM # 2**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Approve temporary liquor permit for Grand Rapids Summer Celebrations dba Tall Timber Days  
**PREPARED BY:** Kim Gibeau

---

**BACKGROUND:**

Grand Rapids Summer Celebrations has submitted an application for a 3-day temporary liquor permit for Tall Timber Days event August 6 - 8, 2021. Fees and required documents have been received.

**ATTACHMENTS:**

Grand Rapids Summer Celebrations for 1-4 day temporary on-sale license

**REQUESTED COUNCIL ACTION:**

Make a motion approving temporary on-sale liquor permit for Grand Rapids Summer Celebrations for Tall Timber Days August 6-8, 2021.



Minnesota Department of Public Safety  
Alcohol and Gambling Enforcement Division  
445 Minnesota Street, Suite 222, St. Paul, MN 55101  
651-201-7500 Fax 651-297-5259 TTY 651-282-6555  
**APPLICATION AND PERMIT FOR A 1 DAY  
TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization		Date organized	Tax exempt number
Grand Rapids Summer Celebration DBA Tall Timer Days		1980	36-330944
Address	City	State	Zip Code
PO Box 134	Grand Rapids	Minnesota	55744
Name of person making application	Signature:	Business phone	Home phone
Juan Lazo		218-326-3466	2158-326-3466
Date(s) of event	Type of organization		
August 6,7,8, 2021	<input type="checkbox"/> Club <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input checked="" type="checkbox"/> Other non-profit		
Organization officer's name	City	State	Zip Code
Juan Lazo	Grand Rapids	Minnesota	55744
Organization officer's name	City	State	Zip Code
Lee Jess	Grand Rapids	Minnesota	55744
Organization officer's name	City	State	Zip Code
TREASURE BAY PRINTING		Minnesota	55744
Organization officer's name	City	State	Zip Code
		Minnesota	

Location where permit will be used. If an outdoor area, describe.

**Downtown Grand Rapids - at the Big Tent**

If the applicant will contract for intoxicating liquor service give the name and address of the liquor license providing the

service. If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.

APPLICANT SIGNATURE: *Juan Lazo*  
JUAN LAZO (Jun 17 2021 11:26 CDT)

**APPROVAL**

APPLICATION MUST BE APPROVED BY CITY OR COUNTY BEFORE SUBMITTING TO ALCOHOL AND GAMBLING ENFORCEMENT

City or County approving the license	Date Approved
Fee Amount	Permit Date
Date Fee Paid	City or County E-mail Address
	City or County Phone Number

Signature City Clerk or County Official

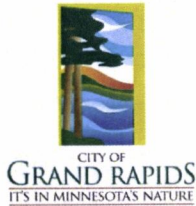
Approved Director Alcohol and Gambling Enforcement

CLERKS NOTICE: Submit this form to Alcohol and Gambling Enforcement Division 30 days prior to event.

**ONE SUBMISSION PER EMAIL, APPLICATION ONLY.**

**PLEASE PROVIDE A VALID E-MAIL ADDRESS FOR THE CITY/COUNTY AS ALL TEMPORARY PERMIT APPROVALS WILL BE SENT BACK VIA EMAIL. E-MAIL THE APPLICATION SIGNED BY CITY/COUNTY TO [AGE.TEMPORARYAPPLICATION@STATE.MN.US](mailto:AGE.TEMPORARYAPPLICATION@STATE.MN.US)**

**ITEM # 3**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider authorizing the Mayor to sign a Pierringer Release.  
**PREPARED BY:** Lynn DeGrio

---

**BACKGROUND:**

A City employee on a lawnmower struck a vehicle at Central School. The repair estimate came in at \$686.96, which is below the City's deductible of \$1,000.00. In lieu of filing an insurance claim, the City would like to pay the amount of damage to the owner of the vehicle directly. The City Attorney has prepared the necessary Pierringer Release that will fully and forever release and discharge the City of Grand Rapids from any future claims which the owner of the vehicle may have as a result of the incident.

**ATTACHMENTS:**

Pierringer Release - Hibbard

**REQUESTED COUNCIL ACTION:**

Make a motion authorizing the Mayor to sign the attached Pierringer Release.



## PIERRINGER RELEASE

NOW, THEREFORE, for the sole consideration of the sum of \$686.96, Allen Hibbard, as the Releasing Parties and the City of Grand Rapids, Minnesota as the Released Party in regards to the costs incurred by the releasing parties relating to damage done to a 2015 Honda Accord Sedan LX w/continuously variable transmission 4D SED 4-2.4L VIN: 1HGCR2F32FA214461, agree as follows:

The Releasing Parties hereby fully and forever release and discharge the City of Grand Rapids, its heirs, administrators, agents, assigns and successors of and from any and all claims, damages, demands, actions and rights of action of whatever nature (including any and all consequences thereof, including unforeseen consequences of known or unknown conditions, and all contractual claims, including attorney's fees, expenses, interest and costs and disbursements) which they may have.

In accepting the amount of this Release, the Releasing Parties credit and satisfy any damages which may have been caused by the fault, if any, of the City of Grand Rapids as may be determined in any future legal action or proceeding.

This payment is a compromise of a disputed claim and payment is not to be construed as an admission of liability on the part of the City of Grand Rapids, and the City of Grand Rapids denies liability therefor and intends merely to avoid litigation and resolve this dispute.

Dated: \_\_\_\_\_, 2021

\_\_\_\_\_  
Allen Hibbard

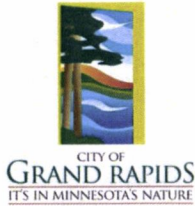
Dated: \_\_\_\_\_, 2021

**CITY OF GRAND RAPIDS, MN**

By: \_\_\_\_\_

By: \_\_\_\_\_

**ITEM # 4**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Approve temporary liquor permit for Klockow Brewing Co.  
**PREPARED BY:** Kim Gibeau

---

**BACKGROUND:**

Klockow Brewing Company has submitted an application for a 3-day temporary liquor permit for the Grand Rapids Car Show July 23 – 25, 2021. Fees and required documents have been received.

**ATTACHMENTS:**

Klockow Brewing Application for 1-4 day temporary on-sale license

**REQUESTED COUNCIL ACTION:**

Make a motion approving temporary on-sale liquor permit for Klockow Brewing Co. for July 23 – 25, 2021 at the Grand Rapids Car Show



Minnesota Department of Public Safety  
Alcohol and Gambling Enforcement Division  
445 Minnesota Street, Suite 1600, St. Paul, MN 55101  
651-201-7507 Fax 651-297-5259 TTY 651-282-6555  
**APPLICATION AND PERMIT FOR A 1 DAY  
TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE**

Name of organization		Date organized	Tax exempt number
Klockow Brewing Company		01/03/2017	814881096
Address	City	State	Zip Code
36 SE 10th St	Grand Rapids	MN	55744
Name of person making application		Business phone	Home phone
Andy Klockow		7156613510	
Date(s) of event	Type of organization <input type="checkbox"/> Microdistillery <input checked="" type="checkbox"/> Small Brewer		
7/23-7/25/2021	<input type="checkbox"/> Club <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Other non-profit		
Organization officer's name	City	State	Zip Code
Andy Klockow	Grand Rapids	MN	55744
Organization officer's name	City	State	Zip Code
Tasha Klockow	Grand Rapids	MN	55744
Organization officer's name	City	State	Zip Code
		Minnesota	

Location where permit will be used. If an outdoor area, describe.

2021 Car Show and Swap Meet at Itasca County Fairgrounds. Outdoor 40x40 space fenced with snow fencing.

If the applicant will contract for intoxicating liquor service give the name and address of the liquor license providing the service.

If the applicant will carry liquor liability insurance please provide the carrier's name and amount of coverage.  
Employer's Mutual Casualty Company. \$1,000,000

**APPROVAL**

APPLICATION MUST BE APPROVED BY CITY OR COUNTY BEFORE SUBMITTING TO ALCOHOL AND GAMBLING ENFORCEMENT

City or County approving the license	Date Approved
Fee Amount	Permit Date
Date Fee Paid	City or County E-mail Address
	City or County Phone Number
Signature City Clerk or County Official	Please Print Name of City Clerk or County Official

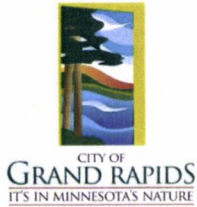
**CLERKS NOTICE:** Submit this form to Alcohol and Gambling Enforcement Division 30 days prior to event.

**ONE SUBMISSION PER EMAIL, APPLICATION ONLY.**

**PLEASE PROVIDE A VALID E-MAIL ADDRESS FOR THE CITY/COUNTY AS ALL TEMPORARY PERMIT APPROVALS WILL BE SENT BACK VIA EMAIL. E-MAIL THE APPLICATION SIGNED BY CITY/COUNTY TO [AGE.TEMPORARYAPPLICATION@STATE.MN.US](mailto:AGE.TEMPORARYAPPLICATION@STATE.MN.US)**



**ITEM # 5**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider hiring Skyler Bischoff as a Part-time Maintenance employee at the IRA Civic Center.  
**PREPARED BY:** Dale Anderson, Director of Parks & Recreation

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**BACKGROUND:**

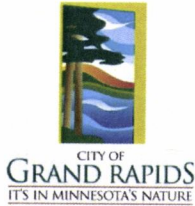
Skyler Bischoff will be returning for his third year as a part-time Maintenance employee at the IRA Civic Center. Skyler will begin working June 29, 2021 at a wage of \$16.00 per hour.

**ATTACHMENTS:**

**REQUESTED COUNCIL ACTION:**

Make a motion to hire Skyler Bischoff as a part-time Maintenance employee at the IRA Civic Center.

ITEM # 6



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider approving advertising agreement with Patriot Real Estate Group  
**PREPARED BY:** Dale Anderson, Director of Parks & Recreation

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**BACKGROUND:**

Enter into an Agreement with Patriot Real Estate Group for advertising at the IRA Civic Center.

**ATTACHMENTS:**

Patriot Real Estate Agreement

**REQUESTED COUNCIL ACTION:**

Make a motion to enter into an Agreement with Patriot Real Estate Group for advertising at the IRA Civic Center.

## AGREEMENT FOR RENTAL OF WALL LIGHTED SIGN

WHEREAS, the City of Grand Rapids, acting through the IRA Civic Center, Lessor, owns a multi-purpose facility known as the Civic Center; and

WHEREAS, it will be beneficial to certain business to acquire the privilege of using the advertising signs contained on the interior walls and/or dasherboard in the IRA Civic Center for a certain period of years; and


WHEREAS, the Lessor desires to lease the available advertising sign to certain Lessees.

NOW, THEREFORE, IT IS HEREBY AGREED by the IRA Civic Center only, Lessor, and **Patriot Real Estate Group**, Lessee, that the Lessee shall lease for a period of 2 (two) years according to the terms set forth herein and upon the following terms and conditions:

1. Signs will be placed on the interior walls and/or dasherboard of the IRA Civic Center only, and Lessor shall have the final decision as to exact location of each sign. The choice of each sign and location shall be on a "FIRST COME, FIRST SERVED" basis. Lessor reserves the right to take into consideration actual placement of signs to insure maximum utilization of all advertising areas on the interior walls and/or dasherboard of the IRA Civic Center.
2. The Lessee shall pay to the Lessor in consideration of the sign and/or dasherboard, the sum of \$300.00 in cash to the Lessor at the commencement of the rental term as set forth below.
3. The Lease term for the advertising space shall be as follows: January 1, 2022 to December 31, 2023. This contract will be automatically be renewed by the Lessor and Lessee yearly unless the Lessee provides written notice to the Lessor of their intent not to renew said lease. This written notice must be provided no later than December 1 of the year prior to the Lessee's cancellation. For example, if the lease has been automatically renewed for a third year, which would end December 31, 2024, the Lessee must notify the Lessor in writing no later than December 1, 2024 for cancellation effective December 31, 2024.
4. Lessee shall have the first right to rent the advertising signs to Lessee for successive years. Although the signed contract is due within 30 days, lessee will be invoiced and payment in full is due July 1, 2021. The Lessor reserves the right to sell sign space if the payment is not received by July 1, 2021.
5. The Advertising logo and design to be used on the signs shall be provided by the Lessee and subject to approval by the Lessor. The Lessor will not unreasonably withhold its approval of any design submitted by Lessee, however, Lessor reserves the right to set standards for the substance and appearance of any advertising to be placed in the IRA Civic Center pursuant to this Agreement.
6. The expense of setup and art work of the sign shall be borne by the Lessee.



7. This agreement shall not be changed unless done so in writing by the Lessee.
8. The Lessee's advertising space cannot be sublet or resold.
9. All signs and materials are the property of the Lessor.
10. All maintenance of the signs will be the responsibility of the IRA Civic Center.
11. Lease rates and terms are \$300.00 per year for the remainder of 2021 and \$600.00 per year for 2022 and 2023 for a 4' x 6' interior wall sign.

BY:  Melissa Roberts  
Lessee

DATE: 06/16/2021

CITY OF GRAND RAPIDS (Lessor)

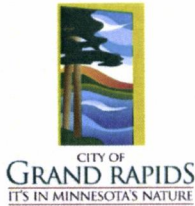
BY: \_\_\_\_\_  
Mayor

DATE: \_\_\_\_\_

\_\_\_\_\_  
Tom Pagel, City Administrator

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

## ITEM # 7



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider adopting a resolution ordering the feasibility report for CP 2003-18, 21<sup>st</sup> Street SW Extension  
**PREPARED BY:** Matt Wegwerth, Public Works Director / City Engineer

---

#### **BACKGROUND:**

The project includes the construction of 0.50 miles of a new roadway and multi-use trail connecting the southwest area of Grand Rapids to the commercial district along Trunk Highway 169. The project will provide congestion relief on CSAH 23, which is the main arterial for this area as well as Trunk Highway 169. Traffic has increased in recent years with the construction of a new elementary school, expansion of medical facilities and new housing. CSAH 23 is the only east/west route that connects the southwest quadrant of Grand Rapids to Trunk Highway 169, which is our major north/south corridor.

#### **ATTACHEMENTS:**

6-28-21 Resolution CP 2003-18 Order Feasibility

#### **REQUESTED COUNCIL ACTION:**

Make a motion adopting a resolution ordering the feasibility report for CP 2003-18, 21<sup>st</sup> Street SW Extension.

Councilor introduced the following resolution and moved for its adoption:

RESOLUTION 21 - \_\_

**Resolution Ordering Preparation of Report on Improvement  
21<sup>st</sup> Street SW Extension  
City Project 2003-18**

WHEREAS, it is proposed to construct .50 miles of new roadway, multi-use trail, storm sewer, sanitary sewer, water main, street lights, sidewalks, and associated appurtenances from Forest Hills Avenue to Horseshoe Lake Road, and to assess the benefited property for all or a portion of the cost of the improvement, pursuant to Minnesota Statutes, Chapter 429.

WHEREAS, the above mentioned improvements are listed in the City's Capital Improvement Plan (CIP) and have previously been designated with the following project number:

21<sup>st</sup> Street SW Extension: CP 2003-18

WHEREAS, the above mentioned improvements shall be referred to as 21<sup>st</sup> Street SW Extension, CP 2003-18.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA:

That the proposed improvement be referred to Matt Wegwerth, P.E., Public Works Director / City Engineer, for study and that he is instructed to report to the council with all convenient speed advising the council in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement, and the estimated cost of the improvement as recommended.

Adopted by the council this 28<sup>th</sup> day of June, 2021.

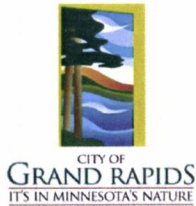
\_\_\_\_\_  
Dale Christy, Mayor

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

Councilor seconded the foregoing resolution and the following voted in favor thereof;  
; and the following voted against same:



## ITEM # 8



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider approving a Supplemental Letter Agreement (SLA) with SEH related to CP 2003-18  
**PREPARED BY:** Matt Wegwerth, Public Works Director / City Engineer

---

#### **BACKGROUND:**

City Project 2003-18, 21st Street SW involves new street with a trail construction and new utilities. The utilities will include watermain and sanitary sewer extensions along with storm water infrastructure. The project location is a connector from 21st Street SW to Oakdale Drive and the corridor needs to be reviewed for existing wetlands. The Supplemental Letter Agreement (SLA) will provide wetland services for the project area as well as any additional services outside of wetland delineation.

#### **ATTACHMENTS:**

Supplemental Letter Agreement

#### **REQUESTED COUNCIL ACTION:**

Make a motion approving a Supplemental Letter Agreement (SLA) with SEH related to CP 2003-18.

# **Supplemental Letter Agreement No. 2003-18**

June 28, 2021

Mayor Christy  
City of Grand Rapids  
420 NE 4<sup>th</sup> Street  
Grand Rapids, MN 55744

RE: 21<sup>st</sup> Street SW  
City Project 2003-18  
Wetland Services

Dear Mayor Christy,

City Project 2003-18, 21<sup>st</sup> Street SW involves new street with a trail construction and new utilities. The utilities will include watermain and sanitary sewer extensions along with storm water infrastructure. The project location is determined to be a connector from 21<sup>st</sup> Street SW to Oakdale Drive. It is determined that the project will consist over existing wetlands.

The City Engineer has requested that we prepare this Supplemental Letter Agreement (SLA) for wetland services of the project area for your consideration. Our estimated work scope and fees for this project are listed below.

## **Wetland Delineation**

Short Elliott Hendrickson (SEH) will perform a Level 2 (field) wetland delineation of the proposed site. A delineation report would be submitted to the Itasca SWCD (WCA) and USACE (Section 404) for review. The deliverables would include wetland delineation boundaries and a delineation report. No agency review fees are included.

## **Permitting**

SEH will submit WCA and Section 404 wetland permit applications to the Itasca SWCD and USACE. The project is anticipated to be eligible for Regional General or a Nationwide Permit from the Corps and an exemption or replacement plan from the SWCD. No DNR permits are anticipated to be required but would not be included under the current scope. No permit fees (regulatory agency review, wetland replacement credits, state fees for replacement) are included in this scope.

## **Miscellaneous Services**

SEH will coordinate any additional activities outside of the scope of wetland delineation or permitting as requested by The City Engineer.

**Project Schedule**

Delineation field work would be completed in July with a delineation report provided within one month following the field work.

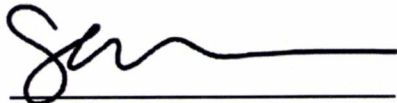
**Fee Schedule**

The fee for the wetland delineation task is \$3,100 (excluding permitting fees). The fee for permitting is \$4,400 (excluding permitting fees).

The fees for the miscellaneous services are listed in the Master Engineering Services Agreement that is in place between the City of Grand Rapids and Short Elliott Hendrickson, Incorporated (SEH) (hourly work as shown in Exhibit "B"). The estimated fee for this work is \$5,000.00.

We look forward to working with you on this project. If this SLA is acceptable, please sign in the space provided and return a copy to us. We will then begin work immediately. Please contact us if you have any questions regarding this supplemental letter agreement.

Sincerely,  
Short Elliott Hendrickson Inc.



Sara Christenson, PE (Lic. MN)      06.28.2021  
Client Service Manager/Project Manager      Date



Robert J. Beaver, PE      06.28.2021  
Office Manager/Principal      Date

**City of Grand Rapids Authorization:**

\_\_\_\_\_  
Kim Johnson-Gibeau  
City Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dale Christy  
Mayor of Grand Rapids

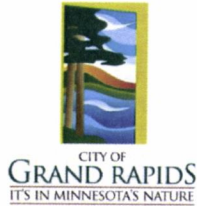
\_\_\_\_\_  
Date

C: SEH contract file

X:\FJ\G\GRANR\Common\SLA and Proposals\21st Street SW\SLA 2003-18 21st Street SW.docx



**ITEM # 9**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider approving amendment one to US Solar Site Lease  
**PREPARED BY:** Matt Wegwerth, Public Works Director / City Engineer

---

**BACKGROUND:**

The City previously entering into a lease agreement with US Solar for the proposed solar garden at the GPZ Airport. Amendment one has been drafted that adjusts the final lease areas for the site.

Staff recommend approving the amendment.

**ATTACHMENTS:**

First Amendment to Lease – USS Itasca Clean Energy LLC

**REQUESTED COUNCIL ACTION:**

A motion approving amendment one to US Solar Site Lease

**FIRST AMENDMENT  
TO  
OPTION TO LEASE, LEASE AND SOLAR EASEMENT**

This FIRST AMENDMENT TO OPTION TO LEASE, LEASE AND SOLAR EASEMENT (this "Amendment") is made and entered into as of \_\_\_\_\_, 2021, by and between the City of Grand Rapids, a Minnesota municipal corporation, as 100% fee owner of Parcel No. 1, the City of Grand Rapids, a Minnesota municipal corporation, and County of Itasca, Minnesota, as equal tenants in common of Parcel No. 2, the Grand Rapids / Itasca County Joint Airport Commission, as 100% fee owner of Parcel No. 3, and the Grand Rapids – Itasca County Airport Commission, as 100% fee owner of Parcel No. 4 (collectively, "Lessor") and USS Itasca Clean Energy LLC, a Delaware limited liability company, and its successors and assigns ("Lessee").

**RECITALS**

**WHEREAS**, Lessor and USS Itasca Clean Energy LLC (the "Original Lessee") previously entered into that certain Option to Lease, Lease and Solar Easement (the "Lease"), dated as of February 23, 2021, whereby Lessor leased to the Original Lessee the Lease Premises described on Exhibit A thereto and granted to the Original Lessee certain easements over the Easement Premises described on Exhibit B thereto;

**WHEREAS**, a memorandum of the Lease was recorded on March 31, 2021 in the Office of the County Recorder of Itasca, Minnesota, as Document Number A000750583 (the "Memorandum of Lease");

**WHEREAS**, Lessor and Lessee desire to amend the Lease by executing and delivering this Amendment.

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee, intending to be legally bound, hereby agree as follows:

**AGREEMENT**

**Section 1. Defined Terms.** Capitalized terms used herein but not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Lease.

**Section 2. Amendment.**

(a) Description of Lessor Property, Lease Premises, Access Premises, and Distribution Premises. The Lease is hereby amended by deleting Exhibit A in its entirety and replacing it with the Exhibit A attached to this Amendment.

(b) Description of Sunlight Easement Premises. The Lease is hereby amended by deleting Exhibit B in its entirety and replacing it with the Exhibit B attached to this Amendment.

**Section 3. Effect of Amendment.** Lessor and Lessee hereby acknowledge and agree that the Lease, as amended hereby, remains in full force and effect.

**Section 4. Amendment to Memorandum of Lease.** Lessor and Lessee shall execute, and Lessee shall have the right to record, an amendment to the Memorandum of Lease in the form attached hereto as Exhibit C. Lessor hereby consents to the recordation of such amendment.

**Section 5. Governing Law.** This Amendment and all matters arising hereunder or in connection herewith shall be governed by and construed in accordance with the governing law set forth in the Lease.

**Section 6. Counterparts.** This Amendment may be executed in one or more counterparts, all of which taken together, shall constitute one and the same instrument.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, each of the parties hereto have caused this Amendment to be executed by their duly authorized representatives on the date first written above.

**LESSEE**

USS Itasca Clean Energy, a Delaware limited liability company

By: \_\_\_\_\_  
Reed Richerson

Its: Vice President

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by Reed Richerson, the Vice President of USS Itasca Clean Energy LLC, a Delaware limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public  
My commission expires:

**LESSOR**  
As to Parcel No. 1:

**City of Grand Rapids, a Minnesota municipal corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

**LESSOR**

As to Parcel No. 2:

**City of Grand Rapids, a Minnesota municipal corporation**  
as 50% tenant in common

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell

United States Solar Corporation

100 N 6<sup>th</sup> St., Suite 410B

Minneapolis, MN 55403

612.260.2230



**LESSOR**  
As to Parcel No. 2:  
**County of Itasca, Minnesota**  
as 50% tenant in common

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

**LESSOR**

As to Parcel No. 3:

**Grand Rapids / Itasca County Joint Airport Commision,**

By the County of Itasca, Minnesota,  
Its authorized signatory

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

**LESSOR**

As to Parcel No. 4:

**Grand Rapids - Itasca County Airport Commision,**

By the County of Itasca, Minnesota,  
Its authorized signatory

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230



Exhibit A

Description of Lessor Property, Lease Premises, Access Premises and Distribution Premises

**1. Lessor Property:**

**1. Lessor Property**

Four tract(s) in Itasca County, Minnesota described as follows:

Property ID: 91-033-1309 (Parcel No. 1)

That part of the South one-half of the North one-half of the Southwest Quarter of the Northeast Quarter, Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota lying westerly of the following described line:

Commencing at the northwest corner of said Southwest Quarter of the Northeast Quarter; thence South 01 degrees 24 minutes 51 seconds East, assigned bearing, along the west line of said Southwest Quarter of the Northeast Quarter, 658.39 feet to the south line of the North one-half of said Southwest Quarter of the Northeast Quarter; thence North 89 degrees 42 minutes 25 seconds East, along said south line, 927.27 feet to the point beginning of the line to be herein described; thence North 38 degrees 37 minutes 42 seconds East 423.40 feet to the north line of said south one-half of the north one-half of the Southwest Quarter of the Northeast Quarter and said described line there terminating.

Property ID: 91-033-1306 (Parcel No. 2)

The North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 of NE1/4), of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the 4th P.M., LESS the East Four Hundred Ten feet (E 410') thereof; Itasca County, Minnesota.

Property ID: 91-033-1201 (Parcel No. 3)

South One Quarter of the Northwest Quarter of the Northeast Quarter (S1/4 of NW1/4 NE1/4), Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

Property ID: 91-033-1301 (Parcel No. 4)

The East Four Hundred Ten feet (E. 410') of the North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 NE1/4) of Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

**2. Lease Premises:**

For Property ID: 91-033-1309 (Parcel No. 1)

That part of the South Half of the North Half of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence South 70 degrees 09 minutes 19 seconds West 134.35 feet to the north line of the South Half of the North Half of the Southwest Quarter of the Northeast Quarter and the point of beginning of the parcel to be described; thence South 89 degrees 40 minutes 48 seconds West, along said north line 870.31 feet; thence South 00 degrees 00 minutes 00 seconds East 192.38 feet; thence North 90 degrees 00 minutes 00 seconds East 240.00 feet; thence South 00 degrees 00 minutes 00 seconds West 85.27 feet; thence South 90 degrees 00 minutes 00 seconds East 210.75 feet; thence South 86 degrees 57 minutes 40 seconds East 31.52 feet; thence North 90 degrees 00 minutes 00 seconds East 220.60 feet; thence North 00 degrees 01 minutes 42 seconds East 102.87 feet; thence North 41 degrees 32 minutes 46 seconds East 237.47 feet to the Point of Beginning and there terminating.

For Property ID: 91-033-1306 (Parcel No. 2)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the north line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 89 degrees 39 minutes 45 seconds West along said north line 333.14 feet to the west line of the East 410.00 feet of said North Quarter of the Southwest Quarter of the Northeast Quarter and the POINT OF BEGINNING of the parcel to be described; thence continuing South 89 degrees 39 minutes 45 seconds West, along said north line of the North Quarter of the Southwest Quarter of the Northeast Quarter, 663.52 feet; thence South 00 degrees 00 minutes 00 seconds East 329.14 feet to the south line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence North 89 degrees 40 minutes 48 seconds East, along said south line, 671.41 feet to the west line of the said East 410.00 feet; thence North 01 degrees 22 minutes 26 seconds West, along last said west line, 329.39 feet to the point of beginning and there terminating.



For Property ID: 91-033-1201 (Parcel No. 3)

That part of the South Quarter of the Northwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

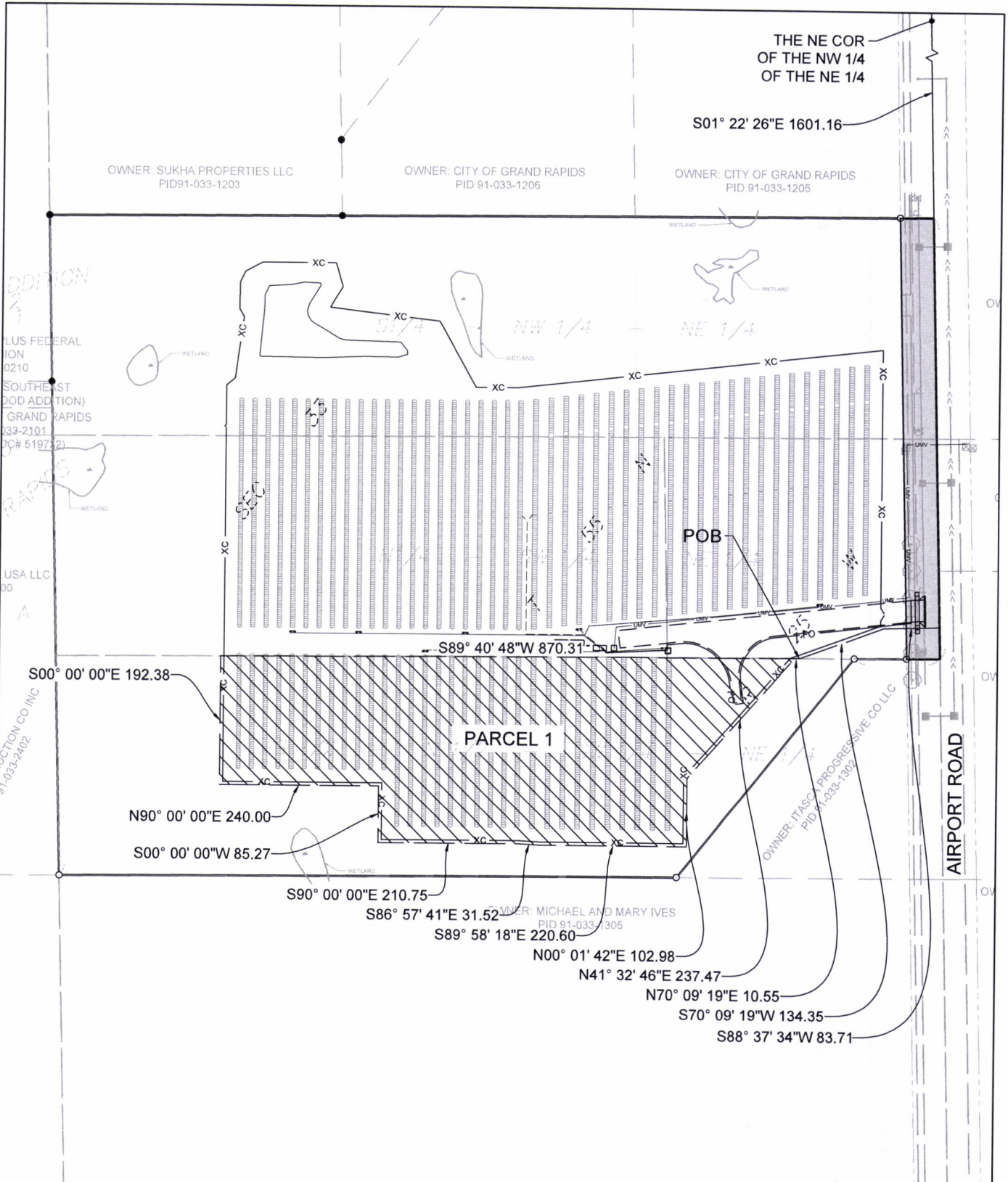
Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the south line of said South Quarter of the Northwest Quarter of the Northeast Quarter and the POINT OF BEGINNING of the parcel to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 137.11 feet; thence South 83 degrees 30 minutes 21 seconds West 556.43 feet; thence North 90 degrees 00 minutes 00 seconds West 60.08 feet; thence North 29 degrees 30 minutes 05 seconds West 112.97 feet; thence North 83 degrees 16 minutes 12 seconds West 160.23 feet; thence North 30 degrees 43 minutes 18 seconds East 30.55 feet; thence North 16 degrees 43 minutes 23 seconds West 42.34 feet; thence North 89 degrees 54 minutes 46 seconds West 115.27 feet; thence South 61 degrees 25 minutes 42 seconds West 32.87 feet; thence South 27 degrees 04 minutes 08 seconds West 20.03 feet; thence South 00 degrees 39 minutes 49 seconds West 42.21 feet; thence South 31 degrees 41 minutes 17 seconds East 12.88 feet; thence South 07 degrees 44 minutes 46 seconds West 89.70 feet; thence South 49 degrees 59 minutes 24 seconds West 17.35 feet; thence South 00 degrees 00 minutes 00 seconds East 77.38 feet to said south line of the South Quarter of the Northwest Quarter of the Northeast Quarter; thence North 89 degrees 39 minutes 45 seconds East, along said south line 996.66 feet to the Point of Beginning and there terminating.


For Property ID: 91-033-1301 (Parcel No. 4)


That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:


Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet to the POINT OF BEGINNING of the parcel to be described; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the north line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 89 degrees 39 minutes 45 seconds West along said north line 333.14 feet to the west line of the East 410.00 feet of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 01 degree 22 minutes 26 seconds East, along said west line 329.39 feet to the south line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence North 89 degrees 40 minutes 48 seconds East along said south line 198.89 feet; thence North 70 degrees 09 minutes 19 seconds East 134.35 feet to the Point of Beginning and there terminating.





PREMISES EASEMENT - 

PLATTED LOT LINES - 

EXISTING EASEMENT - 

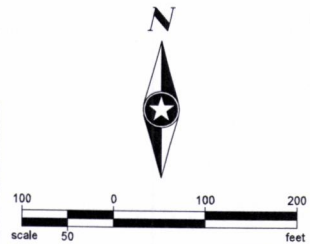


FILE NO.  
USSIC 158910

DATE:  
5/28/2021

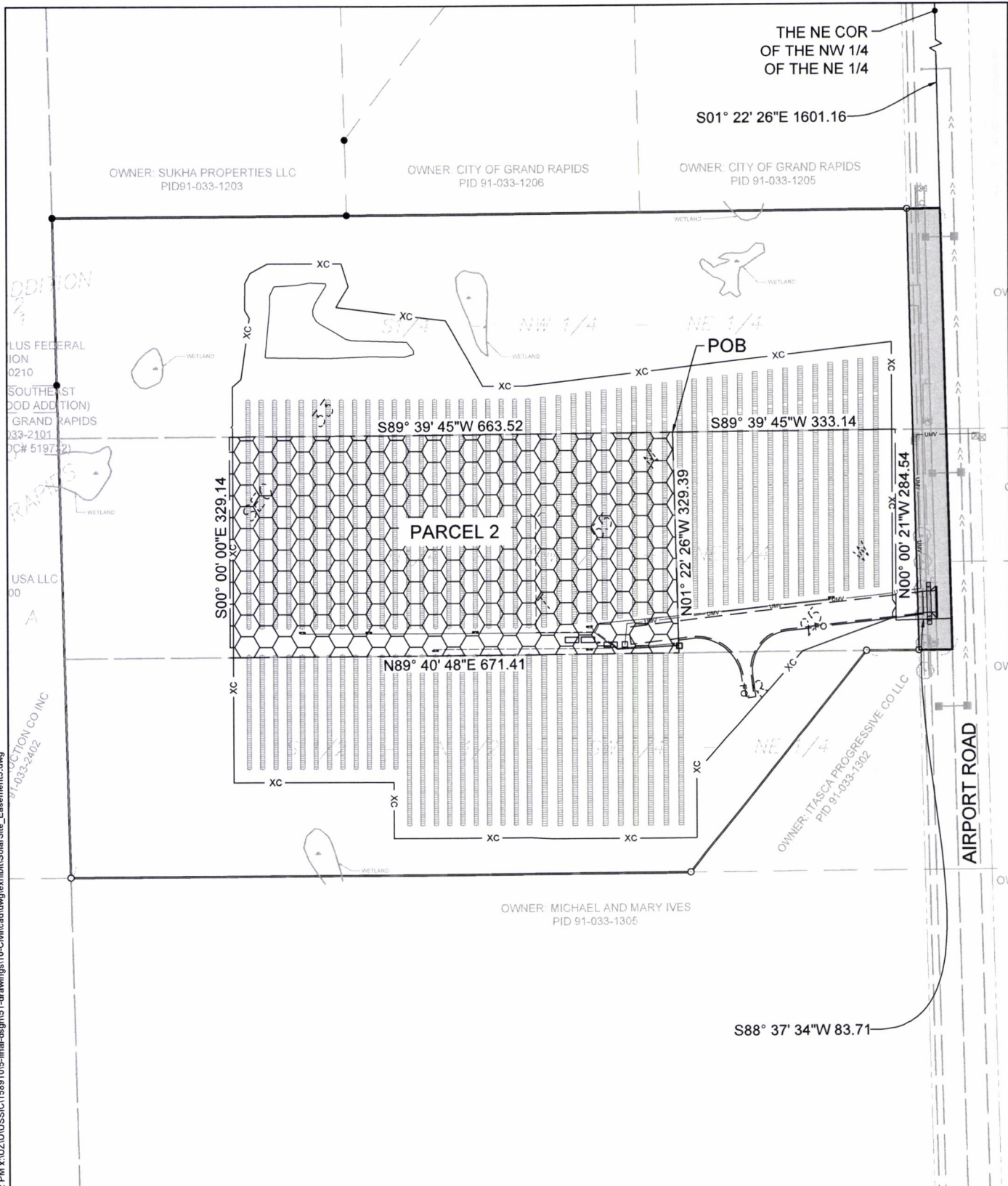
**SOLAR SITE EASEMENT EXHIBITS  
PROPOSED PREMISES  
GRAND RAPIDS, MINNESOTA**

**EXHIBIT  
NO. 3.1**



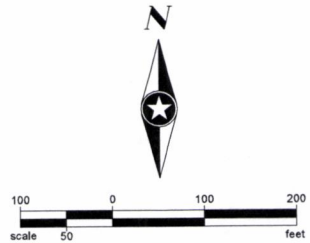
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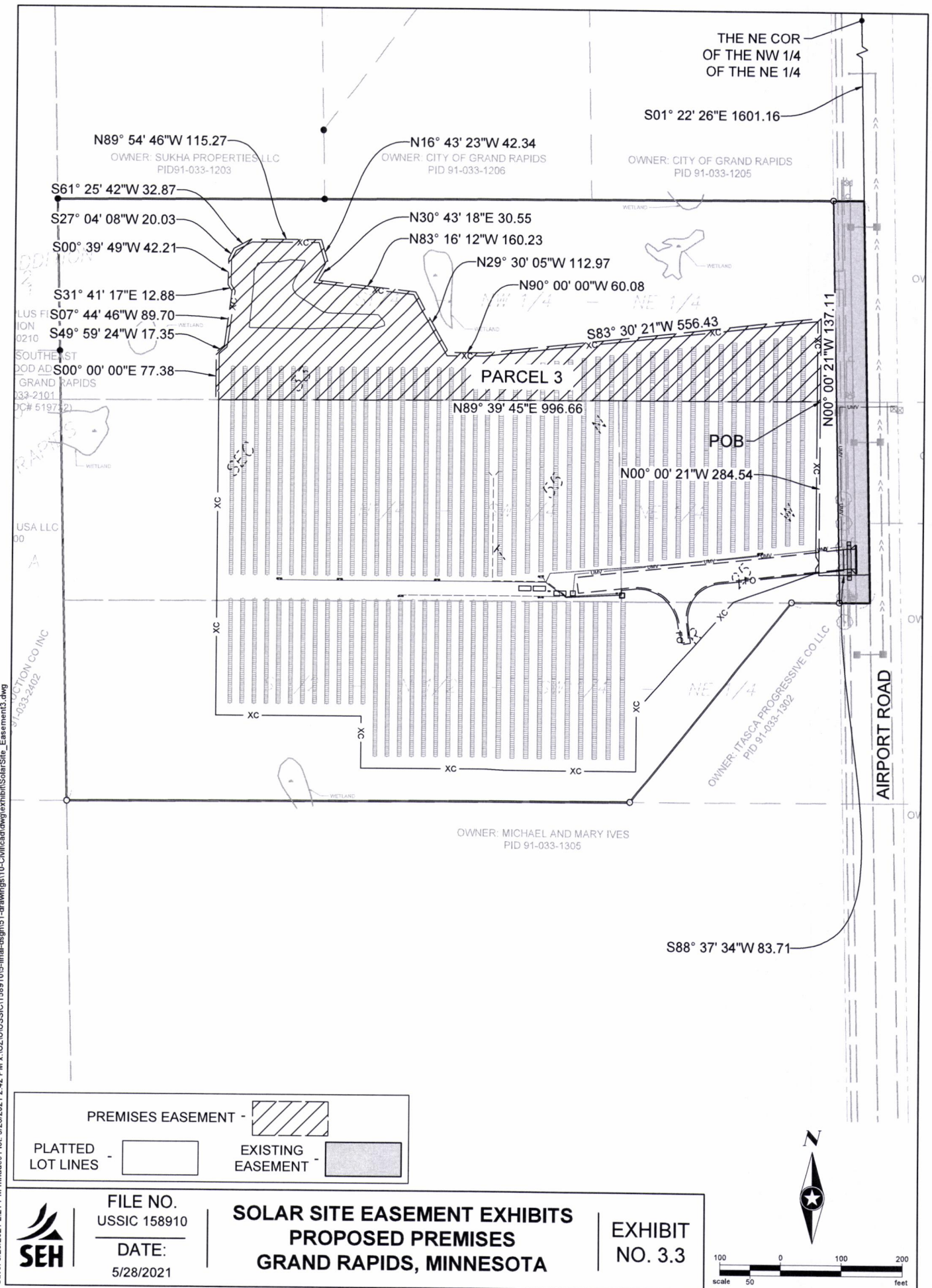


PREMISES EASEMENT -	
PLATTED LOT LINES -	
EXISTING EASEMENT -	

	FILE NO. USSIC 158910	<b>SOLAR SITE EASEMENT EXHIBITS PROPOSED PREMISES GRAND RAPIDS, MINNESOTA</b>	<b>EXHIBIT NO. 3.2</b>
	DATE: 5/28/2021		

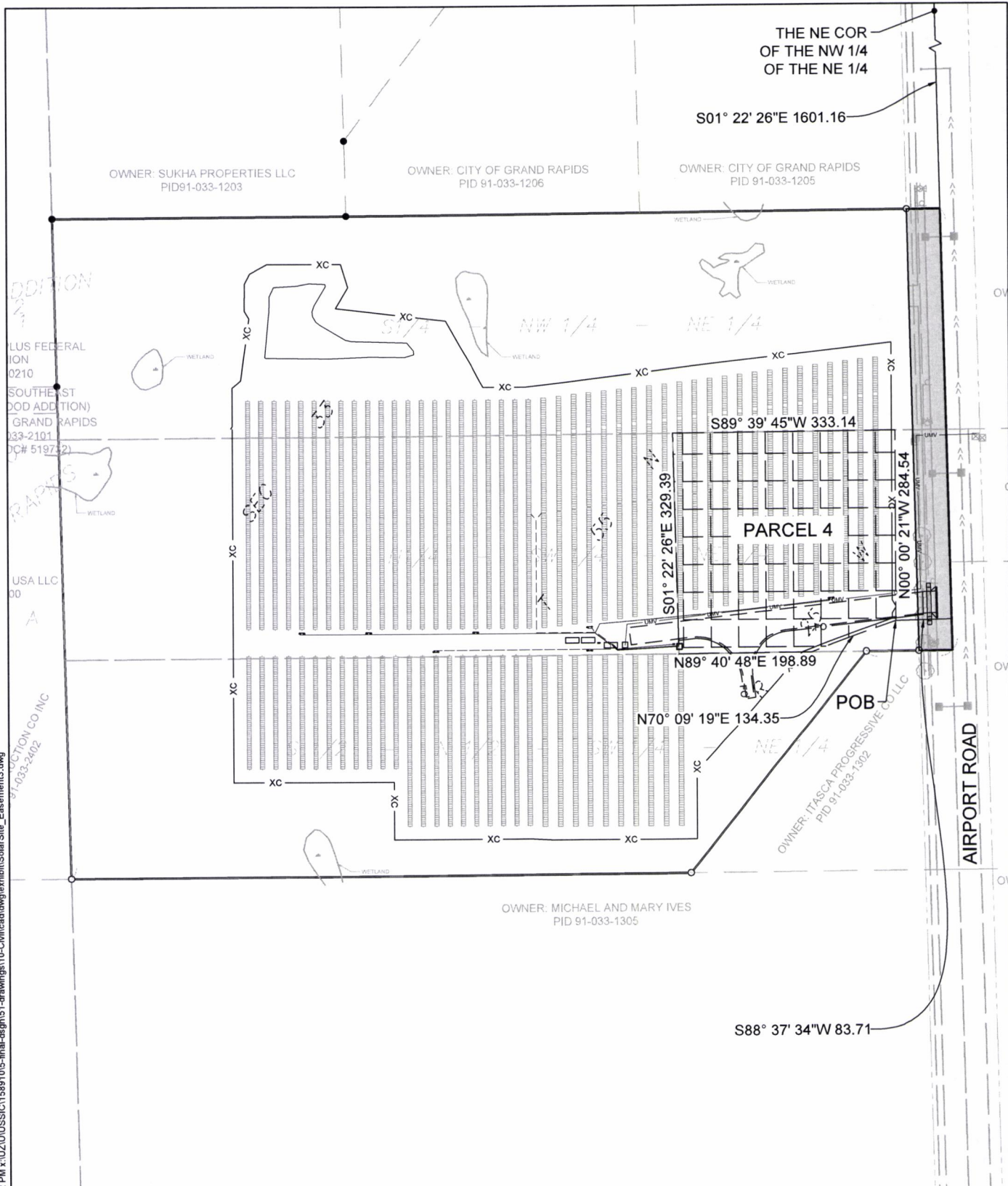









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PREMISES EASEMENT -

PLATTED LOT LINES -

EXISTING EASEMENT -



FILE NO.

USSIC 158910

DATE:

5/28/2021

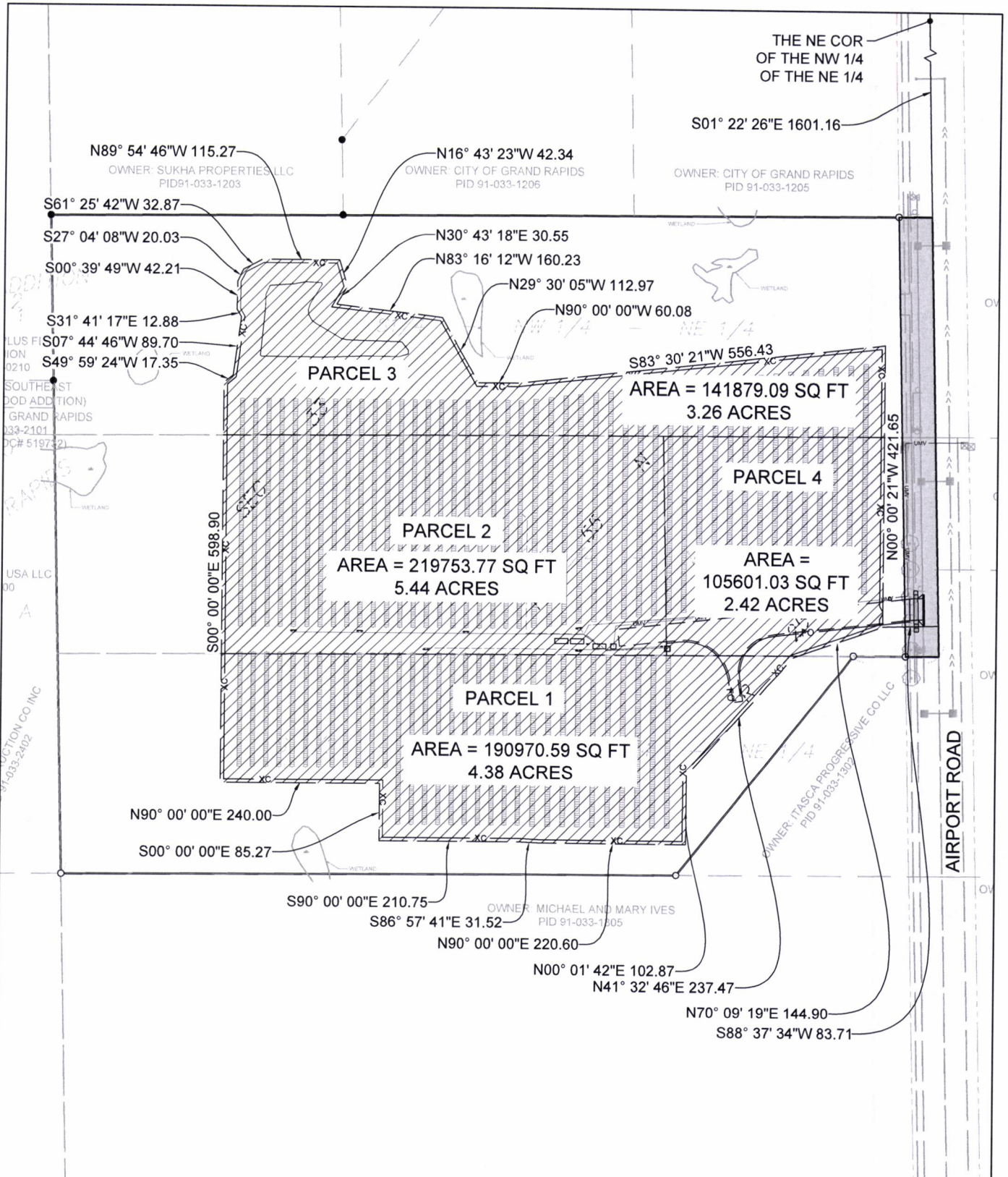
SOLAR SITE EASEMENT EXHIBITS

PROPOSED PREMISES

GRAND RAPIDS, MINNESOTA

EXHIBIT


NO. 3.4



PREMISES EASEMENT -

PLATTED LOT LINES -

EXISTING EASEMENT -



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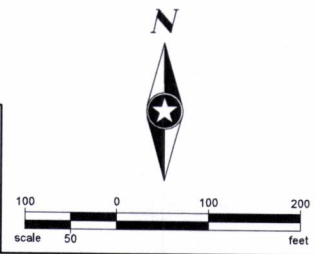
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6/14/2021

**SOLAR SITE EASEMENT EXHIBITS**

**PROPOSED PREMISES**

**GRAND RAPIDS, MINNESOTA**

**EXHIBIT**  
**NO. 3**



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**3. Access Premises:**

For Property ID: 91-033-1301 (Parcel No. 4)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 5.87 feet to the POINT OF BEGINNING of the easement to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 32.21 feet; thence North 83 degrees 30 minutes 21 seconds East 32.93 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line, 32.13 feet; thence South 83 degrees 30 minutes 21 seconds West 33.70 feet to the Point of Beginning and there terminating.





**4. Distribution Premises:**

For Property ID: 91-033-1301 (Parcel No. 4)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet to the POINT OF BEGINNING of the easement to be described; thence North 00 degrees 00 minutes 21 seconds West 8.78 feet; thence North 83 degrees 22 minutes 03 seconds East 33.64 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line, 10.04 feet; thence South 83 degrees 22 minutes 03 seconds West 39.16 feet; thence North 70 degrees 09 minutes 19 seconds East 5.57 feet to the Point of Beginning and there terminating.

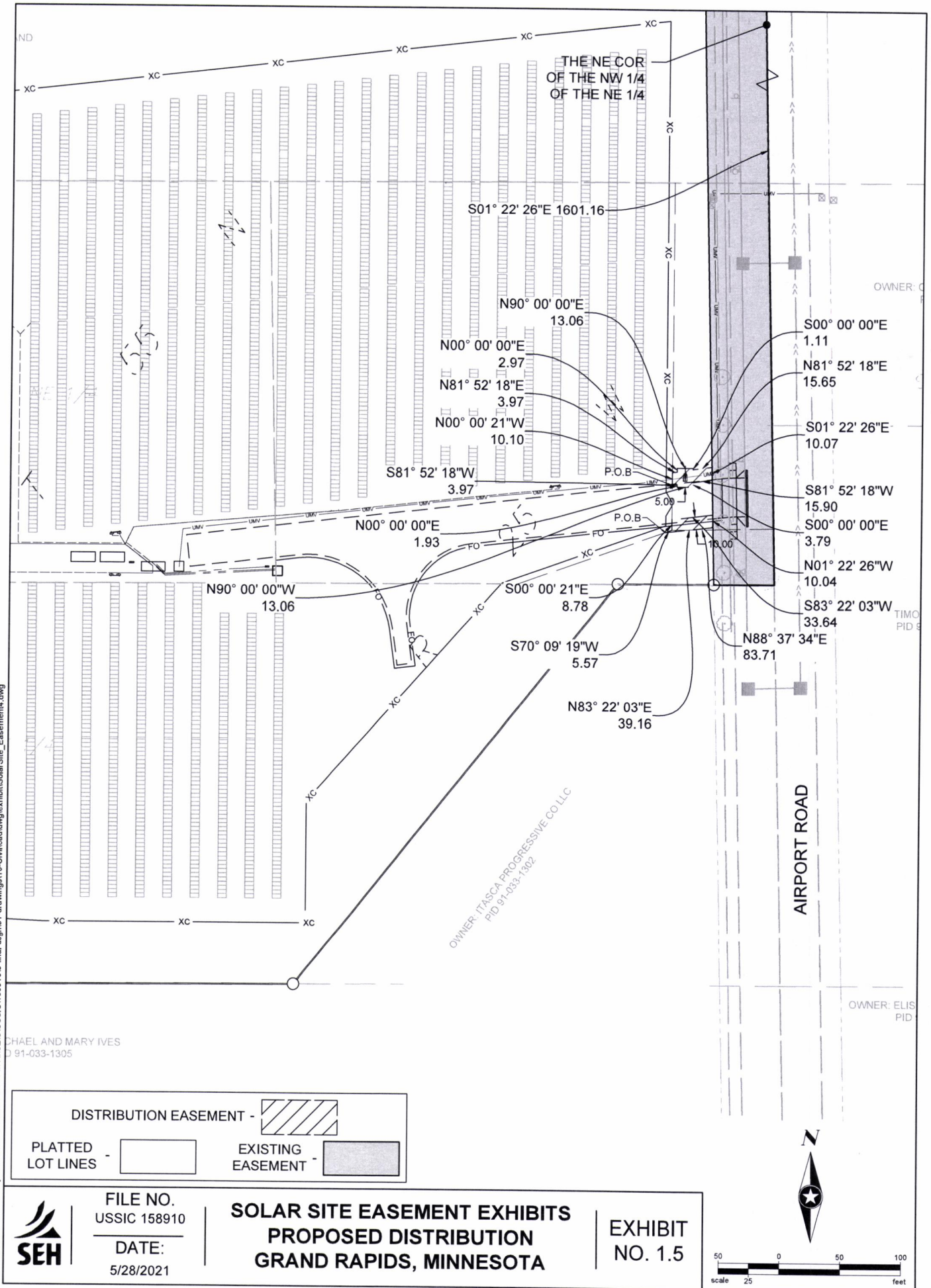
TOGETHER WITH

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 36.96 feet to the POINT OF BEGINNING of the easement to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 10.10 feet; thence North 81 degrees 52 minutes 18 seconds East 3.97 feet; thence North 00 degrees 00 minutes 00 seconds East 2.97 feet; thence North 90 degrees 00 minutes 00 seconds East 13.06 feet; thence South 00 degrees 00 minutes 00 seconds East 1.11 feet; thence North 81 degrees 52 minutes 18 seconds East 15.65 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line 10.07 feet; thence South 81 degrees 52 minutes 18 seconds West 15.90 feet; thence South 00 degrees 00 minutes 00 seconds East 3.79 feet; thence North 90 degrees 00 minutes 00 seconds West 13.06 feet; thence North 00 degrees 00 minutes 00 seconds East 1.93 feet; thence South 81 degrees 52 minutes 18 seconds West 3.97 feet to the Point of Beginning and there terminating.



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## EXHIBIT B

### Description of Sunlight Easement Premises

Four tract(s) in Itasca County, Minnesota described as follows:

Property ID: 91-033-1309 (Parcel No. 1)

That part of the South one-half of the North one-half of the Southwest Quarter of the Northeast Quarter, Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota lying westerly of the following described line:

Commencing at the northwest corner of said Southwest Quarter of the Northeast Quarter; thence South 01 degrees 24 minutes 51 seconds East, assigned bearing, along the west line of said Southwest Quarter of the Northeast Quarter, 658.39 feet to the south line of the North one-half of said Southwest Quarter of the Northeast Quarter; thence North 89 degrees 42 minutes 25 seconds East, along said south line, 927.27 feet to the point beginning of the line to be herein described; thence North 38 degrees 37 minutes 42 seconds East 423.40 feet to the north line of said south one-half of the north one-half of the Southwest Quarter of the Northeast Quarter and said described line there terminating.

Property ID: 91-033-1306 (Parcel No. 2)

The North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 of NE1/4), of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the 4th P.M., LESS the East Four Hundred Ten feet (E 410') thereof; Itasca County, Minnesota.

Property ID: 91-033-1201 (Parcel No. 3)

South One Quarter of the Northwest Quarter of the Northeast Quarter (S1/4 of NW1/4 NE1/4), Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

Property ID: 91-033-1301 (Parcel No. 4)

The East Four Hundred Ten feet (E. 410') of the North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 NE1/4) of Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

EXHIBIT C

Form of Amendment to Memorandum of Lease

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\_\_\_\_\_(TOP 3 INCHES RESERVED FOR RECORDING DATA)\_\_\_\_\_

**FIRST AMENDMENT TO MEMORANDUM OF OPTION TO LEASE, LEASE AND  
SOLAR EASEMENT**

**THIS FIRST AMENDMENT TO MEMORANDUM OF OPTION TO LEASE, LEASE AND SOLAR EASEMENT** (this "Amendment"), dated as of \_\_\_\_\_, 2021 (the "Effective Date"), is made by and between the City of Grand Rapids, a Minnesota municipal corporation, as 100% fee owner of Parcel No. 1, the City of Grand Rapids, a Minnesota municipal corporation, and County of Itasca, Minnesota, as equal tenants in common of Parcel No. 2, the Grand Rapids / Itasca County Joint Airport Commission, as 100% fee owner of Parcel No. 3, and the Grand Rapids – Itasca County Airport Commission, as 100% fee owner of Parcel No. 4 (collectively, "Lessor") and USS Itasca Clean Energy LLC, a Delaware limited liability company ("Lessee") whose address 100 N 6<sup>th</sup> Street, Suite 410B, Minneapolis, MN 55403.

A. Lessor and US Solar Development LLC (the "Original Lessee") previously entered into that certain Option to Lease, Lease and Solar Easement (the "Lease"), dated as of February 23, 2021 whereby Lessor leased to the Original Lessee the Lease Premises described on Exhibit A thereto and granted to the Original Lessee certain easements over the Easement Premises described on Exhibit B thereto;

B. A memorandum of the Lease was recorded on March 31, 2021 in the Office of the County Recorder of Le Sueur County, Minnesota, as Document Number A000750583 (the "Memorandum");

C. This Amendment is being recorded to amend the property description set forth in Exhibit A and Exhibit B to the Memorandum and to provide notice to third parties of such amendment.



**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the parties hereby agree as follows:

1. Exhibit A to the Memorandum is hereby amended by replacing it with Exhibit A attached hereto.
2. The Memorandum is hereby amended by adding after Exhibit A thereof the Exhibit B attached hereto.
3. This Amendment is only a modification of the Memorandum. It does not serve as a termination of the Memorandum. The Memorandum, as amended hereby, remains in full force and effect.
4. The Memorandum and this Amendment have been executed, delivered and recorded for the purpose of giving notice of the lease, easements, and other rights in accordance with the terms, covenants and conditions of the Lease. The terms and conditions of the Lease are incorporated by reference into the Memorandum and this Amendment as if set forth fully herein at length. In the event of any conflict between the terms and provisions of the Lease, on the one hand, and the Memorandum and this Amendment, on the other hand, the Lease shall control.

*[Signature pages follow]*

**IN WITNESS WHEREOF**, each of the parties hereto has executed and delivered this Amendment as of the day and year first above written.

**LESSEE**

USS Itasca Clean Energy LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Reed Richerson

Its: Vice President

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF HENNEPIN    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021  
by Reed Richerson, the Vice President of USS Itasca Clean Energy LLC, a Delaware limited  
liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public

My commission expires:

**LESSOR**  
As to Parcel No. 1:

**City of Grand Rapids, a Minnesota municipal corporation**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230



**LESSOR**

As to Parcel No. 2:

**City of Grand Rapids, a Minnesota municipal corporation**  
as 50% tenant in common

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

**LESSOR**  
As to Parcel No. 2:  
**County of Itasca, Minnesota**  
as 50% tenant in common

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

**LESSOR**

As to Parcel No. 3:

**Grand Rapids / Itasca County Joint Airport Commision,**

By the County of Itasca, Minnesota,  
Its authorized signatory

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230



**LESSOR**  
As to Parcel No. 4:  
**Grand Rapids - Itasca County Airport Commision,**

By the County of Itasca, Minnesota,  
Its authorized signatory

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires:

THIS INSTRUMENT DRAFTED BY:

Bruce Bedwell  
United States Solar Corporation  
100 N 6<sup>th</sup> St., Suite 410B  
Minneapolis, MN 55403  
612.260.2230

Exhibit A

Description of Lessor Property, Lease Premises, Access Premises and Distribution Premises

**1. Lessor Property:**

**1. Lessor Property**

Four tract(s) in Itasca County, Minnesota described as follows:

Property ID: 91-033-1309 (Parcel No. 1)

That part of the South one-half of the North one-half of the Southwest Quarter of the Northeast Quarter, Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota lying westerly of the following described line:

Commencing at the northwest corner of said Southwest Quarter of the Northeast Quarter; thence South 01 degrees 24 minutes 51 seconds East, assigned bearing, along the west line of said Southwest Quarter of the Northeast Quarter, 658.39 feet to the south line of the North one-half of said Southwest Quarter of the Northeast Quarter; thence North 89 degrees 42 minutes 25 seconds East, along said south line, 927.27 feet to the point beginning of the line to be herein described; thence North 38 degrees 37 minutes 42 seconds East 423.40 feet to the north line of said south one-half of the north one-half of the Southwest Quarter of the Northeast Quarter and said described line there terminating.

Property ID: 91-033-1306 (Parcel No. 2)

The North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 of NE1/4), of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the 4th P.M., LESS the East Four Hundred Ten feet (E 410') thereof; Itasca County, Minnesota.

Property ID: 91-033-1201 (Parcel No. 3)

South One Quarter of the Northwest Quarter of the Northeast Quarter (S1/4 of NW1/4 NE1/4), Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

Property ID: 91-033-1301 (Parcel No. 4)

The East Four Hundred Ten feet (E. 410') of the North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 NE1/4) of Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

**2. Lease Premises:**

For Property ID: 91-033-1309 (Parcel No. 1)

That part of the South Half of the North Half of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence South 70 degrees 09 minutes 19 seconds West 134.35 feet to the north line of the South Half of the North Half of the Southwest Quarter of the Northeast Quarter and the point of beginning of the parcel to be described; thence South 89 degrees 40 minutes 48 seconds West, along said north line 870.31 feet; thence South 00 degrees 00 minutes 00 seconds East 192.38 feet; thence North 90 degrees 00 minutes 00 seconds East 240.00 feet; thence South 00 degrees 00 minutes 00 seconds West 85.27 feet; thence South 90 degrees 00 minutes 00 seconds East 210.75 feet; thence South 86 degrees 57 minutes 40 seconds East 31.52 feet; thence North 90 degrees 00 minute 00 seconds East 220.60 feet; thence North 00 degrees 01 minutes 42 seconds East 102.87 feet; thence North 41 degrees 32 minutes 46 seconds East 237.47 feet to the Point of Beginning and there terminating.

For Property ID: 91-033-1306 (Parcel No. 2)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the north line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 89 degrees 39 minutes 45 seconds West along said north line 333.14 feet to the west line of the East 410.00 feet of said North Quarter of the Southwest Quarter of the Northeast Quarter and the POINT OF BEGINNING of the parcel to be described; thence continuing South 89 degrees 39 minutes 45 seconds West, along said north line of the North Quarter of the Southwest Quarter of the Northeast Quarter, 663.52 feet; thence South 00 degrees 00 minutes 00 seconds East 329.14 feet to the south line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence North 89 degrees 40 minutes 48 seconds East, along said south line, 671.41 feet to the west line of the said East 410.00 feet; thence North 01 degrees 22 minutes 26 seconds West, along last said west line, 329.39 feet to the point of beginning and there terminating.



For Property ID: 91-033-1201 (Parcel No. 3)

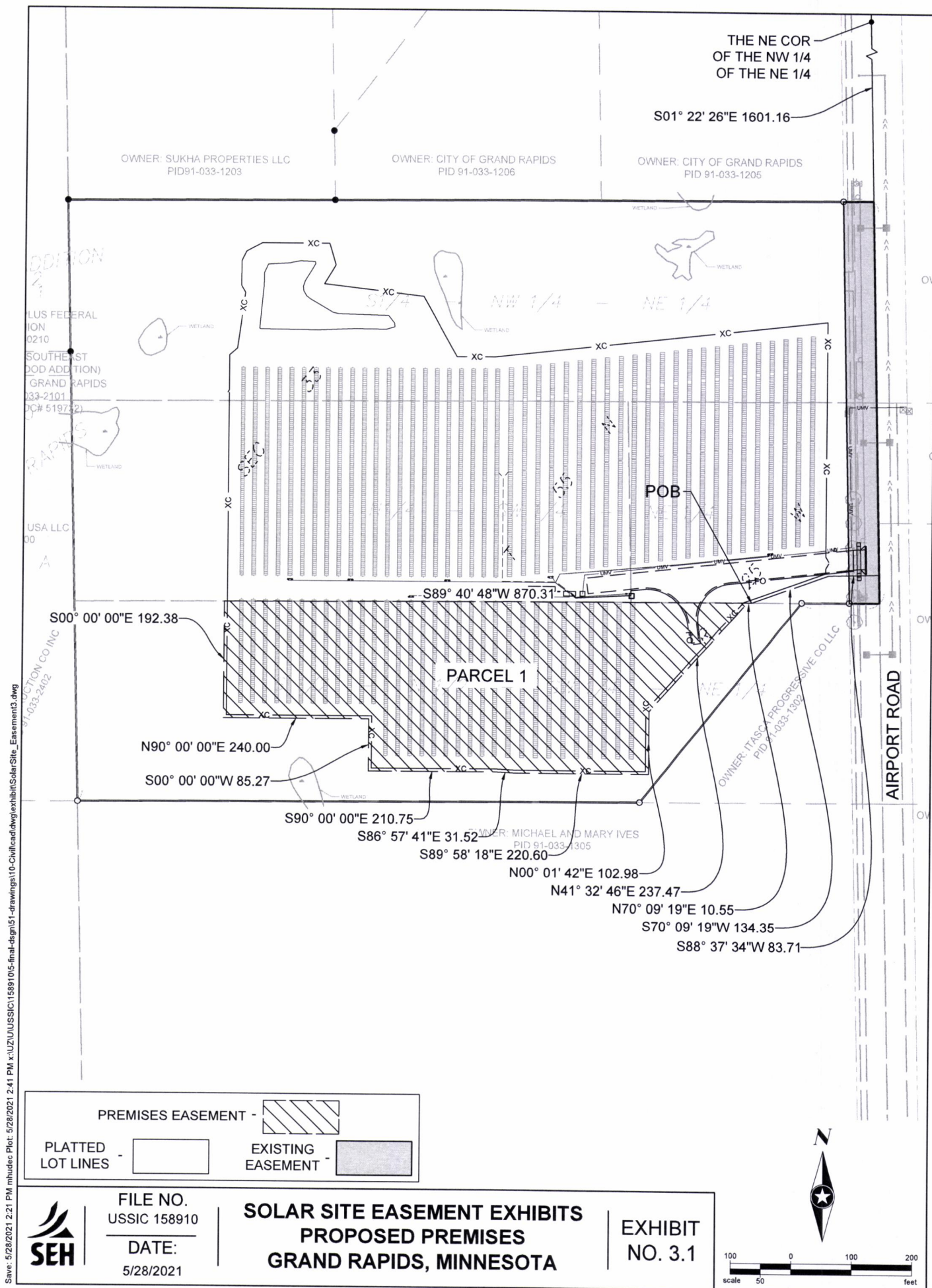
That part of the South Quarter of the Northwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the south line of said South Quarter of the Northwest Quarter of the Northeast Quarter and the POINT OF BEGINNING of the parcel to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 137.11 feet; thence South 83 degrees 30 minutes 21 seconds West 556.43 feet; thence North 90 degrees 00 minutes 00 seconds West 60.08 feet; thence North 29 degrees 30 minutes 05 seconds West 112.97 feet; thence North 83 degrees 16 minutes 12 seconds West 160.23 feet; thence North 30 degrees 43 minutes 18 seconds East 30.55 feet; thence North 16 degrees 43 minutes 23 seconds West 42.34 feet; thence North 89 degrees 54 minutes 46 seconds West 115.27 feet; thence South 61 degrees 25 minutes 42 seconds West 32.87 feet; thence South 27 degrees 04 minutes 08 seconds West 20.03 feet; thence South 00 degrees 39 minutes 49 seconds West 42.21 feet; thence South 31 degrees 41 minutes 17 seconds East 12.88 feet; thence South 07 degrees 44 minutes 46 seconds West 89.70 feet; thence South 49 degrees 59 minutes 24 seconds West 17.35 feet; thence South 00 degrees 00 minutes 00 seconds East 77.38 feet to said south line of the South Quarter of the Northwest Quarter of the Northeast Quarter; thence North 89 degrees 39 minutes 45 seconds East, along said south line 996.66 feet to the Point of Beginning and there terminating.

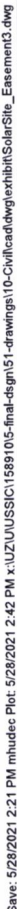
For Property ID: 91-033-1301 (Parcel No. 4)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet to the POINT OF BEGINNING of the parcel to be described; thence North 00 degrees 00 minutes 21 seconds West 284.54 feet to the north line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 89 degrees 39 minutes 45 seconds West along said north line 333.14 feet to the west line of the East 410.00 feet of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence South 01 degree 22 minutes 26 seconds East, along said west line 329.39 feet to the south line of said North Quarter of the Southwest Quarter of the Northeast Quarter; thence North 89 degrees 40 minutes 48 seconds East along said south line 198.89 feet; thence North 70 degrees 09 minutes 19 seconds East 134.35 feet to the Point of Beginning and there terminating.

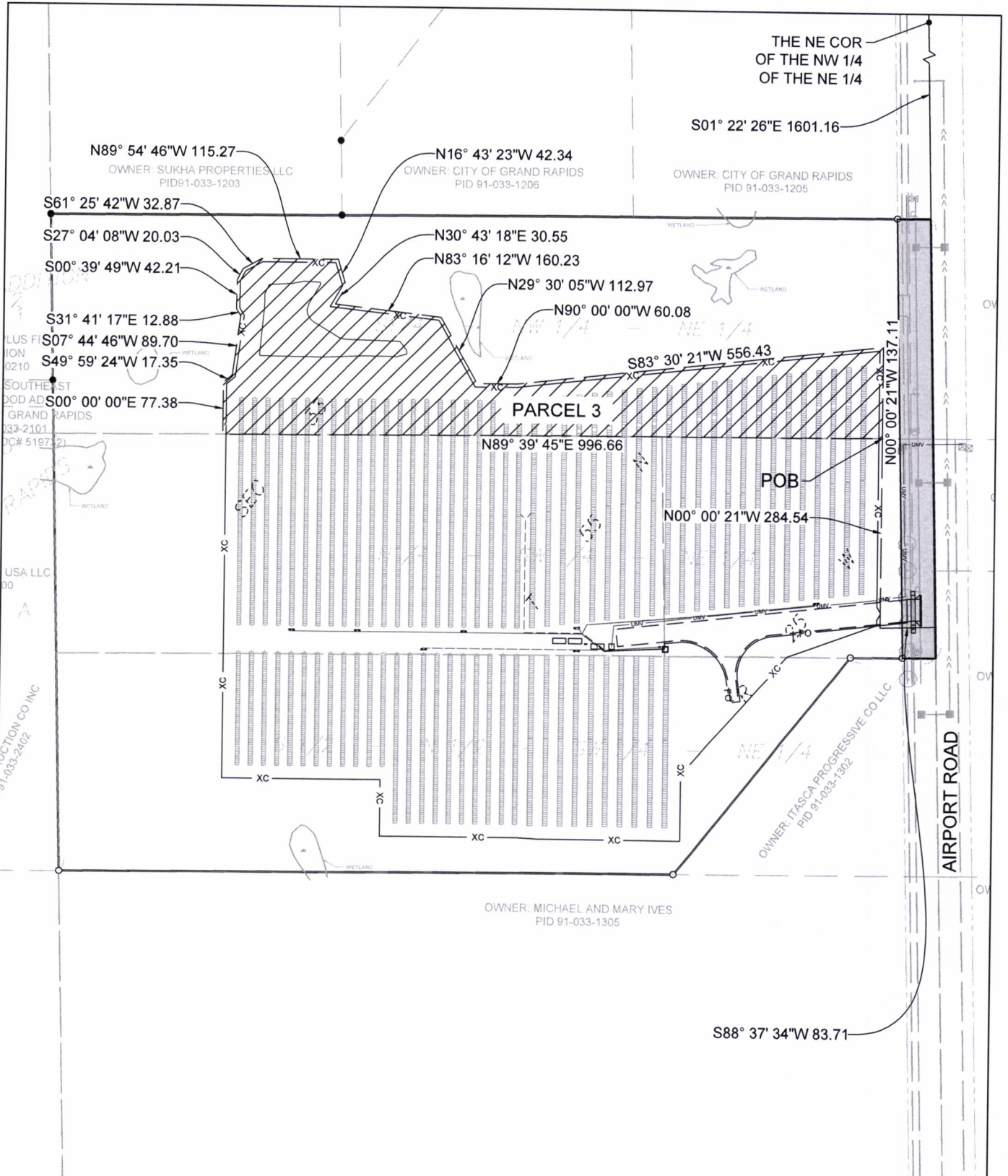








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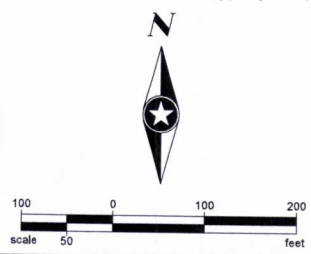
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PLATTED LOT LINES -	
EXISTING EASEMENT -	

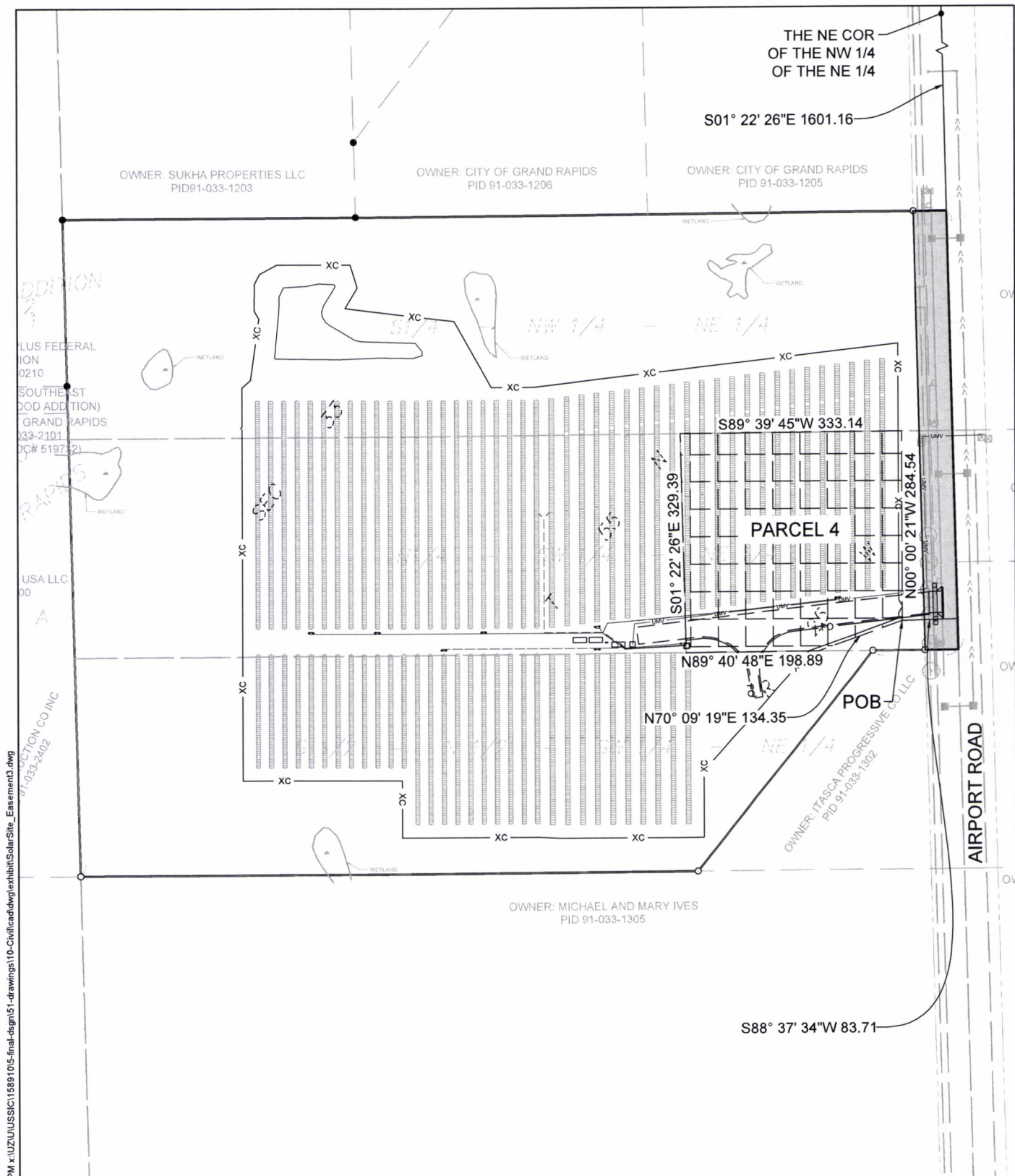


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5/28/2021

**SOLAR SITE EASEMENT EXHIBITS  
PROPOSED PREMISES  
GRAND RAPIDS, MINNESOTA**

**EXHIBIT  
NO. 3.3**






PREMISES EASEMENT -

PLATTED LOT LINES -

EXISTING EASEMENT -



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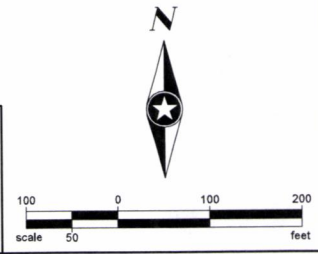
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**SOLAR SITE EASEMENT EXHIBITS**

**PROPOSED PREMISES**

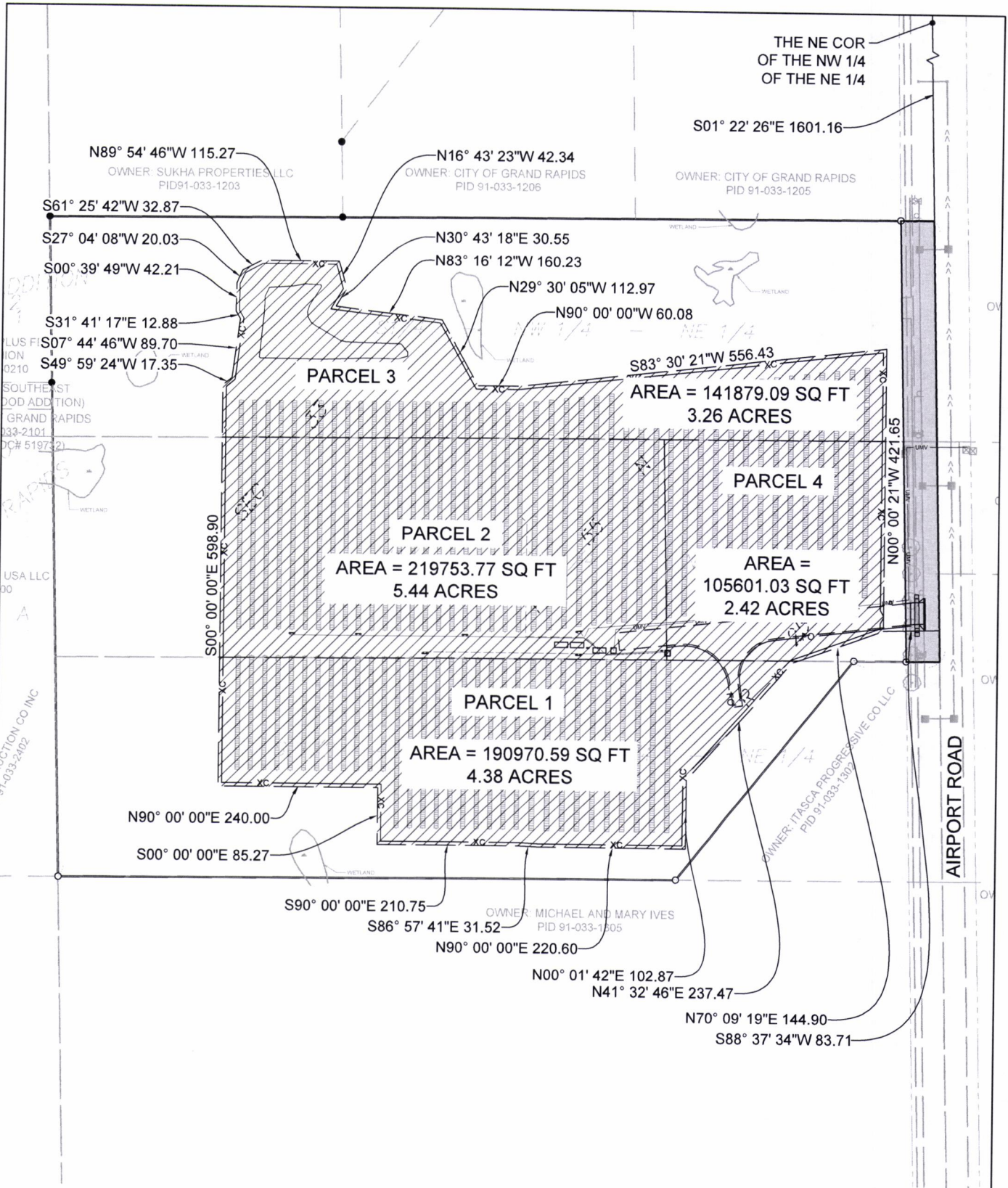
**GRAND RAPIDS, MINNESOTA**

**EXHIBIT**  
**NO. 3.4**



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PREMISES EASEMENT -

PLATTED LOT LINES -

EXISTING EASEMENT -

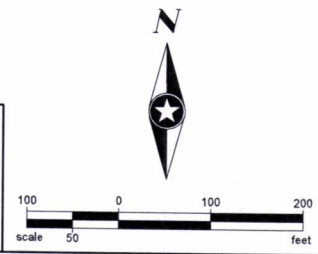


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USSIC 158910

DATE:  
6/14/2021

**SOLAR SITE EASEMENT EXHIBITS  
PROPOSED PREMISES  
GRAND RAPIDS, MINNESOTA**

**EXHIBIT  
NO. 3**



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**3. Access Premises:**

For Property ID: 91-033-1301 (Parcel No. 4)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 5.87 feet to the POINT OF BEGINNING of the easement to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 32.21 feet; thence North 83 degrees 30 minutes 21 seconds East 32.93 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line, 32.13 feet; thence South 83 degrees 30 minutes 21 seconds West 33.70 feet to the Point of Beginning and there terminating.





**4. Distribution Premises:**

For Property ID: 91-033-1301 (Parcel No. 4)

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet to the POINT OF BEGINNING of the easement to be described; thence North 00 degrees 00 minutes 21 seconds West 8.78 feet; thence North 83 degrees 22 minutes 03 seconds East 33.64 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line, 10.04 feet; thence South 83 degrees 22 minutes 03 seconds West 39.16 feet; thence North 70 degrees 09 minutes 19 seconds East 5.57 feet to the Point of Beginning and there terminating.

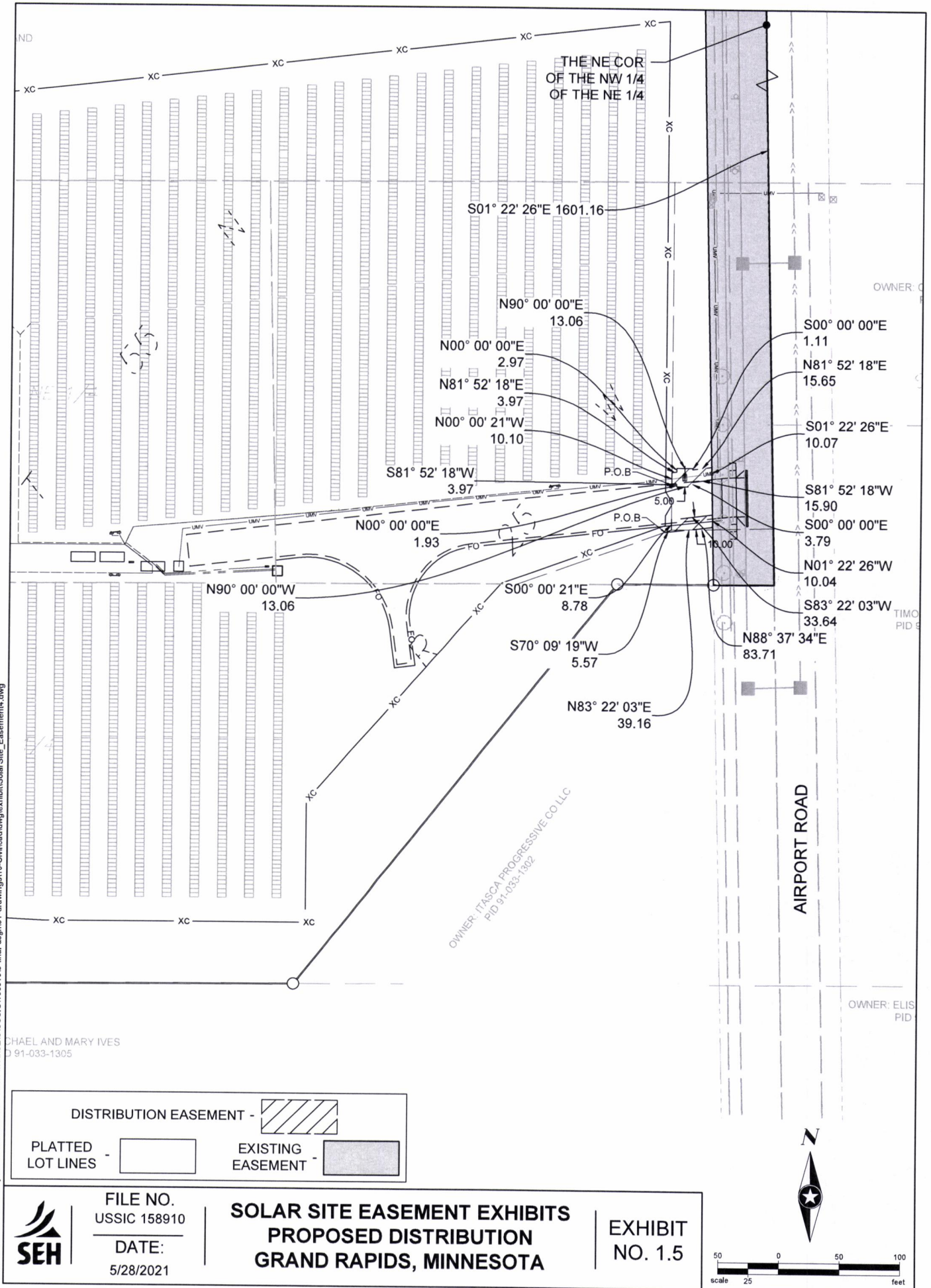
**TOGETHER WITH**

That part of the North Quarter of the Southwest Quarter of the Northeast Quarter of Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota, described as follows:

Commencing at the northeast corner of the Northwest Quarter of said Northeast Quarter; thence on an assigned bearing of South 01 degree 22 minutes 26 seconds East, along the east line of said Northwest Quarter of the Northeast Quarter and the said Southwest Quarter of the Northeast Quarter, 1601.16 feet; thence South 88 degrees 37 minutes 34 seconds West 83.71 feet; thence North 00 degrees 00 minutes 21 seconds West 36.96 feet to the POINT OF BEGINNING of the easement to be described; thence continuing North 00 degrees 00 minutes 21 seconds West 10.10 feet; thence North 81 degrees 52 minutes 18 seconds East 3.97 feet; thence North 00 degrees 00 minutes 00 seconds East 2.97 feet; thence North 90 degrees 00 minutes 00 seconds East 13.06 feet; thence South 00 degrees 00 minutes 00 seconds East 1.11 feet; thence North 81 degrees 52 minutes 18 seconds East 15.65 feet to the westerly right of way line of Airport Road; thence South 01 degree 22 minutes 26 seconds East, along said westerly right of way line 10.07 feet; thence South 81 degrees 52 minutes 18 seconds West 15.90 feet; thence South 00 degrees 00 minutes 00 seconds East 3.79 feet; thence North 90 degrees 00 minutes 00 seconds West 13.06 feet; thence North 00 degrees 00 minutes 00 seconds East 1.93 feet; thence South 81 degrees 52 minutes 18 seconds West 3.97 feet to the Point of Beginning and there terminating.



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## EXHIBIT B

### Description of Sunlight Easement Premises

Four tract(s) in Itasca County, Minnesota described as follows:

Property ID: 91-033-1309 (Parcel No. 1)

That part of the South one-half of the North one-half of the Southwest Quarter of the Northeast Quarter, Section 33, Township 55 North, Range 25 West, Itasca County, Minnesota lying westerly of the following described line:

Commencing at the northwest corner of said Southwest Quarter of the Northeast Quarter; thence South 01 degrees 24 minutes 51 seconds East, assigned bearing, along the west line of said Southwest Quarter of the Northeast Quarter, 658.39 feet to the south line of the North one-half of said Southwest Quarter of the Northeast Quarter; thence North 89 degrees 42 minutes 25 seconds East, along said south line, 927.27 feet to the point beginning of the line to be herein described; thence North 38 degrees 37 minutes 42 seconds East 423.40 feet to the north line of said south one-half of the north one-half of the Southwest Quarter of the Northeast Quarter and said described line there terminating.

Property ID: 91-033-1306 (Parcel No. 2)

The North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 of NE1/4), of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty-five (25), West of the 4th P.M., LESS the East Four Hundred Ten feet (E 410') thereof; Itasca County, Minnesota.

Property ID: 91-033-1201 (Parcel No. 3)

South One Quarter of the Northwest Quarter of the Northeast Quarter (S1/4 of NW1/4 NE1/4), Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.

Property ID: 91-033-1301 (Parcel No. 4)

The East Four Hundred Ten feet (E. 410') of the North Quarter (N1/4) of the Southwest Quarter of the Northeast Quarter (SW1/4 NE1/4) of Section Thirty-three (33), Township Fifty-five (55) North of Range Twenty-five (25) West of the Fourth Principal Meridian, Itasca County, Minnesota.



## ITEM # 10



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider accepting the 2020 audited financial reports.  
**PREPARED BY:** Barb Baird

---

#### **BACKGROUND:**

It has been the past practice for the City Council to accept the Annual Financial Statements and other audit reports. The City Council met in a workshop session on April 26, 2021, to discuss and review the 2020 draft Comprehensive Annual Financial Report, the Report on Internal Controls, the Report on Compliance with Minnesota Legal Compliance Audit Guide, and the Management Report.

Mr. Dave Mol, Redpath & Company, Ltd., presented an overview of the City's financial health to the City Council.

#### **ATTACHMENTS:**

2020 Comprehensive Annual Financial Report  
2020 Audit Management Report  
2020 Auditor's Report on Internal Control over Financial Reporting and on Compliance

#### **REQUESTED COUNCIL ACTION:**

Make a motion accepting the 2020 Comprehensive Annual Financial Report, and the Audit Management Letter, and the auditor's comments on compliance and internal controls.





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

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2020



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE  
CITY OF GRAND RAPIDS**

For The Year Ended  
December 31, 2020

Prepared by:

Finance Department

Barbara Baird  
Finance Director



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## **I. INTRODUCTORY SECTION**



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May 25, 2021

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

The Comprehensive Annual Financial Report for the City of Grand Rapids for the fiscal year ended December 31, 2020, 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, 2020, 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, 2020, 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 11,390. The City of Grand Rapids signed an Annexation Agreement with the Grand Rapids Township in 2000 and the City annexed the last area of the Township on January 1, 2010. The City of Grand Rapids is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation. The City is the region's retail trade, health care, education and cultural center with a market draw of more than 49,000 people.

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

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

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

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. All agencies of the City of Grand Rapids are required to submit requests for appropriation to the City Administrator in May of each year for the following year's budget. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator meets with the Council to develop a budget. The Council is required to hold a public hearing on the proposed budget and certify an adopted final budget to the County Auditor by no later than December 28.

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 pages 98 to 101 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 146 to 154.

### **Local economy**

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

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

In addition, and also notable in the forest product sector of the economy, the City has been working closely with a new owner of the former Ainsworth oriented strand board manufacturing plant, a 400,000 sf facility that permanently shuttered in 2008. The new owner of the site is proposing a multi-tenant industrial facility redevelopment project that would be anchored by their development of a wood pellet manufacturing plant that would generate an estimated annual economic impact of \$56M.



Grand Rapids is also home to ASV Holdings, Inc. ASV currently employs approximately 205 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders together with a parts distribution center. In September of 2019, 100% of the ASV shares were purchased by Yanmar, a global producer of engines, agricultural equipment, construction and marine equipment, tools and components. Through our conversations with ASV company officials, it is clear that this was 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 December of 2020, Yanmar announced that ASV would increase their production capacity by 30% in Q1 of 2021, creating 28 additional jobs in Grand Rapids.

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 2021, construction will commence on the 82-unit hotel. Construction of a multi-tenant retail store anchored by a Starbucks on another of the newly created commercial sites in this redevelopment began in the fall of 2020.

Building permit activity in 2021 was at a high level above the 16-year annual average of \$26.1M, with permits for projects reaching a total value of \$57.7M. Commercial projects accounted for \$45.3M of the total, far above the 16-year average of \$14.4M of annual permitted commercial construction. In terms of the number of permits issued, the 2020 total of 494 permits was below the 10 year average of 550. In 2020 development highlights included the construction of a new \$3.7M student center at Itasca Community College, North Homes \$2.4M development of a new 52 bed psychiatric residential rehabilitation facility, The Pillars of Grand Rapids, a 110-unit \$18M senior housing project, Unique Opportunities \$3M, 48-unit apartment building and Aurora Heights a \$10.2M 56-unit affordable housing project.

Grand Rapids has added 710 new housing units since 2010, with 233 of those units, including 19 new single-family homes, permitted in 2020. This housing growth has increased the State Demographer's estimated Grand Rapids population from 10,869 in 2010 to 11,390 in 2019. 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.

### **Long-term financial planning**

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

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

### **Relevant Financial Policies**

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

In 2017, the City implemented the Uniform Guidance for Procurement Procedures to ensure that the procurement process complies with all applicable legal requirements, federal and state regulations. To ensure that the goods and



services required by the City are obtained using established procedures that comply with all legal requirements for public purpose expenditures while promoting fair and open competition to ensure public confidence in the procurement process, ensure fair and equitable treatment of vendors who transact business with the City, and provide safeguards for the maintenance of a procurement system of quality and integrity.

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

### **Major initiatives**

In 2020, the City was successful in securing \$5 million in State Bonding to make needed improvements to the IRA Civic Center. Those improvements are detailed as follows:

**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 \$11.98 Million. The City will utilize \$5 million in State Bonds, and either issue Abatement Bonds to cover the remaining \$6.98 Million or attempt to pass a referendum allowing the City to impose a half-cent sales and use tax for up to seven years.

Another initiative in 2020 was the relocation/construction of a new fire hall as a result of Itasca County needing to expand their correctional facility over the existing building footprint of the fire hall. This was an unanticipated project with design beginning in July of 2020, construction beginning in October of 2020, and an anticipated completion date of June of 2021.

A final major initiative, was the unanticipated response to COVID-19. The major accomplishment was expanding our technology and computer network to accommodate working and meeting remotely. Our IT Department and Federal CARES funding made this technology evolution possible. Without both resources, the delivery of City services would have been negatively impacted.

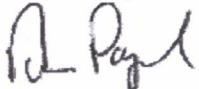
## Awards and Acknowledgements

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 for the fiscal year ended December 31, 2019. This was the twenty-eighth 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 Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report 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, 2019

*Christopher P. Morill*

Executive Director/CEO

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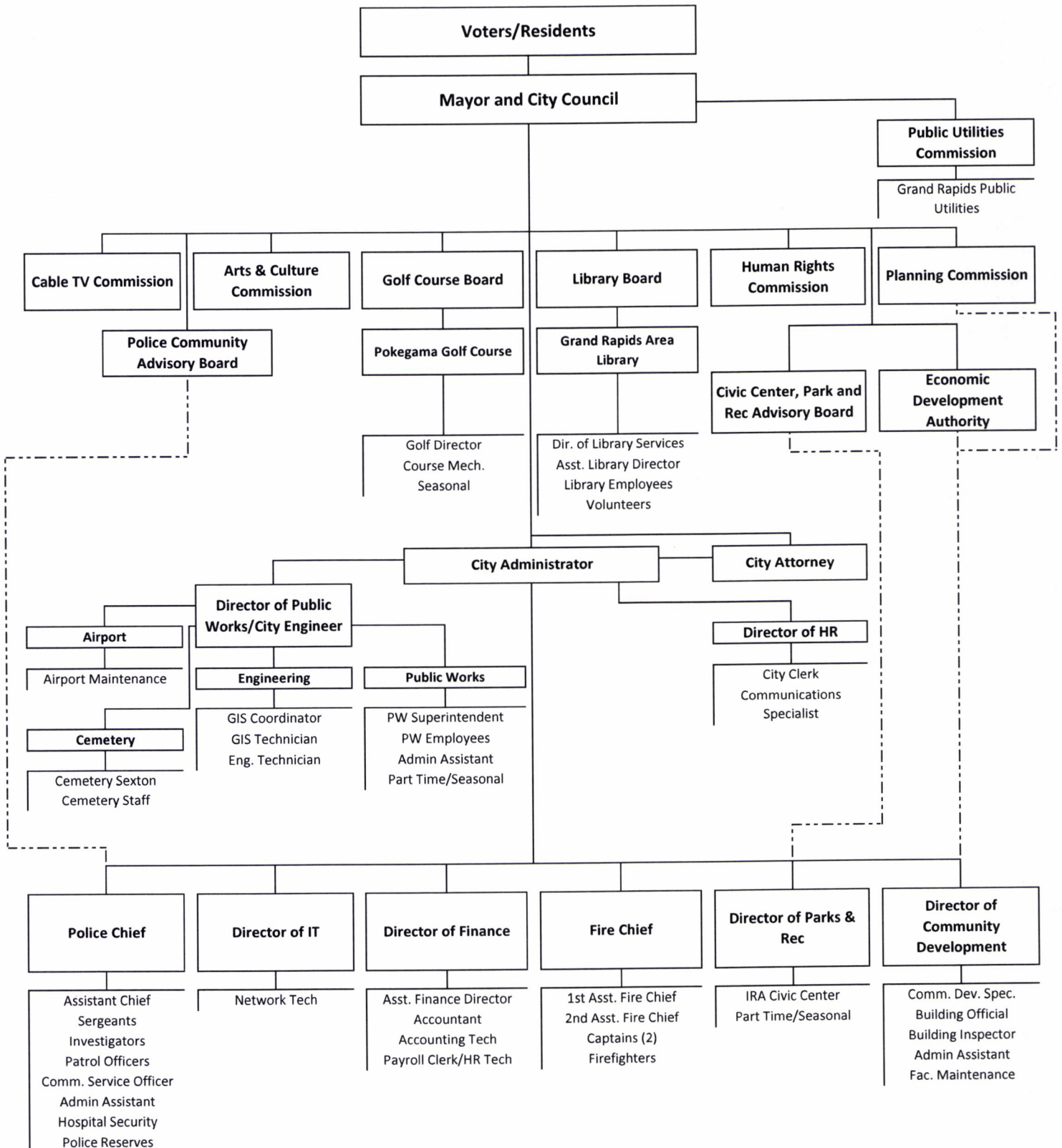


**GRAND RAPIDS, CITY OF**  
**PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS**  
 December 31, 2020

	<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, 2020, 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 49 percent, 45 percent, and 53 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, 2020, 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.

### **Report on Summarized Comparative Information**

We have previously audited the City of Grand Rapids, Minnesota's 2019 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 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 May 25, 2021, 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

May 25, 2021

## 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, 2020. 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 \$60,845,932 (net position).

The City's total net position increased by \$3,018,678. The governmental activities of the City increased by \$2,908,630. This increase is due to the investment in capital outlay.

The business-type activities increased by \$110,048 due to an increase in Golf Course revenue and due to rate increases in the Storm Water Utility.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,907,986. Of this amount, \$6,828,704 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year the general fund balance was \$7,341,709. Of that amount, \$1,417,076 was in a non-spendable form, \$35,950 was restricted, \$925,572 was committed and \$4,909,111 was unassigned.

The City's total debt decreased from \$22,846,910 to \$22,647,221 (excluding compensated absences). The City issued General Obligation Street Reconstruction Bonds, Series 2020A for \$2,275,000.

### **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 2020, 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
- Capital Equipment Replacement
- 2020 Infrastructure Bonds
- 2021 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 sub-combining statements elsewhere in this report.

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

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

The basic governmental fund financial statements can be found on pages 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 \$60,845,932 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$47,986,073 or 79%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **CITY OF GRAND RAPIDS' NET POSITION**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$23,219,060	\$22,048,053	\$394,602	\$69,757	\$23,613,662	\$22,117,810
Capital assets	65,585,277	63,017,167	2,738,601	2,888,261	68,323,878	65,905,428
Total assets	88,804,337	85,065,220	3,133,203	2,958,018	91,937,540	88,023,238
Total deferred outflows of resources	1,286,930	1,905,158	-	-	1,286,930	1,905,158
<b>Liabilities:</b>						
Long-term liabilities outstanding	25,468,249	24,938,969	6,535	35,041	25,474,784	24,974,010
Other liabilities	5,092,953	3,846,883	203,200	109,557	5,296,153	3,956,440
Total liabilities	30,561,202	28,785,852	209,735	144,598	30,770,937	28,930,450
Total deferred inflows of resources	1,607,601	3,170,692	-	-	1,607,601	3,170,692
<b>Net position:</b>						
Net investment in capital assets	45,277,093	42,846,042	2,708,980	2,888,261	47,986,073	45,734,303
Restricted	10,530,098	10,896,992	-	-	10,530,098	10,896,992
Unrestricted	2,115,273	1,270,800	214,488	(74,841)	2,329,761	1,195,959
Total net position	\$57,922,464	\$55,013,834	\$2,923,468	\$2,813,420	\$60,845,932	\$57,827,254

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 \$2,329,761

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 \$5,142,085 at December 31, 2020 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	\$1,166,160
Noncurrent assets	-
Deferred inflows of resources	(1,433,315)
Noncurrent liabilities	<u>(4,874,930)</u>
Total	<u>(\$5,142,085)</u>

### **Governmental Activities**

Governmental activities increased the City's net position by \$2,908,630 in 2020. 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 \$8,803 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 \$633,213 due to one-time pass through grants received in 2020 from the State of Minnesota (CARES Funding).
- Capital grants and contributions decreased by \$5,933,565 due to the City in 2019 receiving \$1,400,000 in State Bond proceeds and Federal funding for City Project 2010-5, the Mississippi Pedestrian Bridge. The City also received in 2019 a one-time grant for a MNDOT Railroad Study for \$940,000. The City in 2019 received approximately \$3,300,000 from the school district for street infrastructure development. \$3,300,000 from the school district for street infrastructure development.



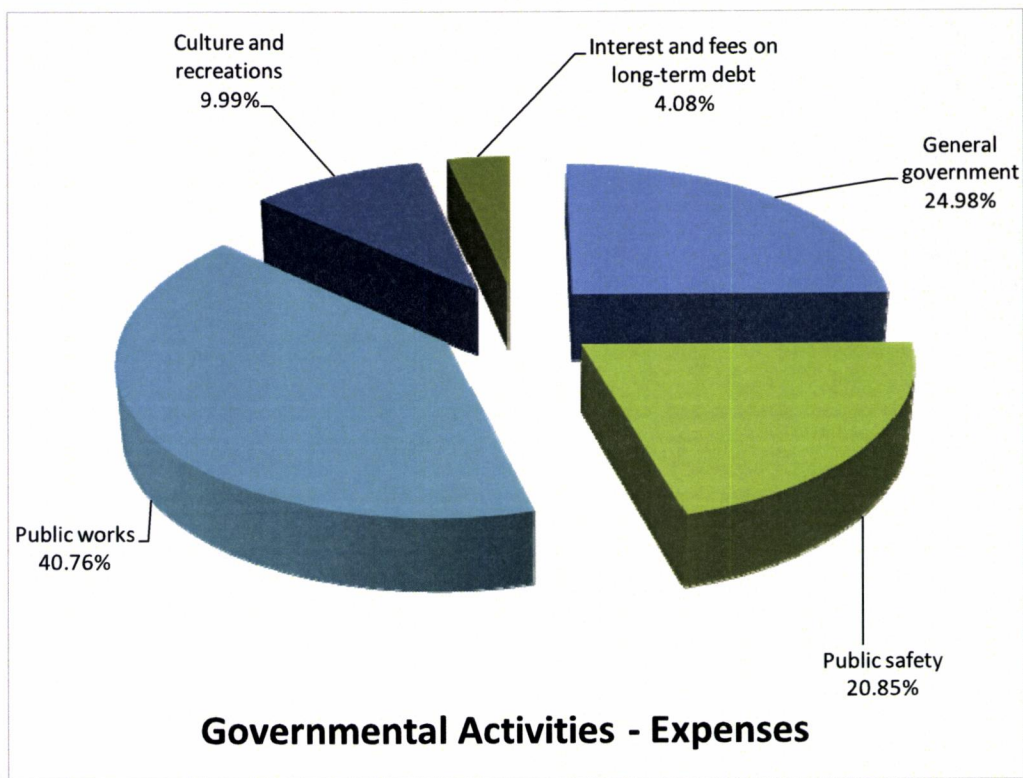
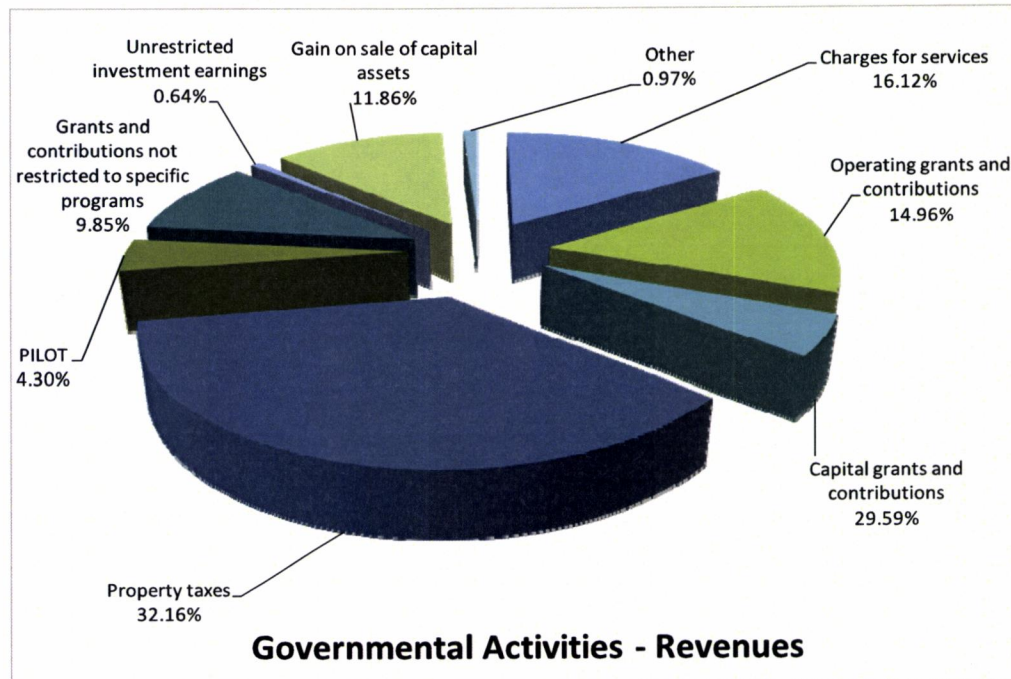
## Management's Discussion and Analysis

### City of Grand Rapids' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$3,623,221	\$3,345,902	\$1,400,224	\$1,293,812	\$5,023,445	\$4,639,714
Operating grants and contributions	3,169,921	2,536,708	-	-	3,169,921	2,536,708
Capital grants and contributions	1,088,517	7,022,082	-	-	1,088,517	7,022,082
General revenues:						
Taxes	7,659,562	7,629,869	-	-	7,659,562	7,629,869
Payments in lieu of taxes (PILOT)	911,762	913,682	-	-	911,762	913,682
Grants and contributions not restricted to specific programs	2,086,492	1,843,498	-	-	2,086,492	1,843,498
Unrestricted investment earnings	136,466	206,030	3,644	3,953	140,110	209,983
Gain (loss) on sale of capital assets	2,512,675	199,455	-	-	2,512,675	199,455
Other	-	33,003	-	-	-	33,003
Total revenues	<u>21,188,616</u>	<u>23,730,229</u>	<u>1,403,868</u>	<u>1,297,765</u>	<u>22,592,484</u>	<u>25,027,994</u>
Expenses:						
General government	4,566,308	4,330,097	-	-	4,566,308	4,330,097
Public safety	3,811,071	3,872,939	-	-	3,811,071	3,872,939
Public works	7,451,179	8,735,821	-	-	7,451,179	8,735,821
Culture and recreation	1,825,496	2,215,769	-	-	1,825,496	2,215,769
Interest and fees on long-term debt	625,932	654,344	-	-	625,932	654,344
Golf course	-	-	636,642	630,928	636,642	630,928
Storm water utility	-	-	657,178	743,983	657,178	743,983
Total expenses	<u>18,279,986</u>	<u>19,808,970</u>	<u>1,293,820</u>	<u>1,374,911</u>	<u>19,573,806</u>	<u>21,183,881</u>
Change in net position before transfers	2,908,630	3,921,259	110,048	(77,146)	3,018,678	3,844,113
Transfers - primary government	-	3,500	-	(3,500)	-	-
Change in net position	2,908,630	3,924,759	110,048	(80,646)	3,018,678	3,844,113
Net position - January 1	<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>
Net position - December 31	<u>\$57,922,464</u>	<u>\$55,013,834</u>	<u>\$2,923,468</u>	<u>\$2,813,420</u>	<u>\$60,845,932</u>	<u>\$57,827,254</u>

## Management's Discussion and Analysis

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





## Management's Discussion and Analysis

### **Business-Type Activities**

Business-type activities decreased the City's net position by \$110,048 in 2020. The City has two business-type activities – Pokegama Golf Course and a Storm Water Utility Fund. The net position of the Pokegama Golf Course increased \$15,072 in 2020 compared to an \$32,668 decrease in 2019. The Golf Course had a 12% increase in the number of rounds played and a 9% increase in season pass sales.

The Storm Water Utility Fund is used to pay for storm water maintenance and infrastructure construction. The net position of the Storm Water Utility Fund increased \$84,210 in 2020 compared to a \$42,966 decrease in 2019. The increase is due to the change made to the Storm Water Utility rates and an \$87,000 decrease in operating expenses. This fund was established in 2004 with storm water utility charges implemented on January 1, 2005. Any funds that are not used for storm water utility maintenance by the Public Works Department are used to reduce storm water infrastructure improvement project costs.

### **Financial Analysis of the Government's Funds**

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,907,986. Approximately 9% of this total amount (\$1,524,017) constitutes non-spendable fund balance and approximately 43% (\$6,828,704) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$1,779,309) and assigned (\$1,811,774) by City Council, as well as unassigned fund balance (\$3,964,182). Additional information about the City's fund balance classifications can be found in Note 15.

The general fund balance increased by \$720,900 in 2020, compared to a \$401,796 increase in 2019. Prior to other financing sources and uses and special items, the General Fund balance increased \$1,037,345 in 2020 compared to a \$922,047 increase in 2019. Key elements of this increase are as follows:

- Intergovernmental revenue increased \$1,368,757 due to receipt of \$891,600 federal CARES monies and a one-time Iron Range Resources and Rehabilitation Board grant for \$300,000 for the Grand Rapids Public Utilities Super Oxygenation Project for their Waste Water Treatment Plant.
- Charges for services increased \$90,181 primarily due to an increase in Engineering and Administrative charges for City Construction Projects. The Township fire contracts increased from the previous year because a full-time Fire Chief Position was included in the 2020 budget.
- Miscellaneous expenditures increased \$1,041,070 due to a one-time grant payment to the Grand Rapids Economic Development Authority for small business assistance and a



## Management's Discussion and Analysis

one-time grant payment to Grand Rapids Public Utilities for the Super Oxygenation Project.

The Capital Equipment Replacement fund had a fund balance decrease of \$617,034 due to the purchase of a 2020 Rosenbauer Heavy Duty EXT Side Mount Pumper.

The 2020 Infrastructure Bonds had a fund balance increase of \$484,428 due to bonding for the 2019 Street Improvement project that included payments for the replacement of obsolete water and sewer utility lines.

The 2021 Infrastructure Bonds had a fund balance increase of \$433,059 due to the acquisition of the existing Fire Hall by Itasca County for the expansion of their correctional facility. Construction on the new Grand Rapids fire hall started and is expected to be finished by June 1, 2021.

The non-major special revenue funds increased by \$94,134 for 2020 due to a decrease in expenditures by \$31,000 for the Public Library and IRA Civic Center. The Public Library and the IRA Civic Center closed to the public on March 16, 2020, due to the public health emergency with the respect to the Coronavirus Disease 2019. Employees have been furloughed or transferred to different departments.

The non-major debt service funds decreased by \$291,639. The City will be making the final payment on Refunding Bonds, Series 2013A in 2021. No levy was needed for this bond so that the fund balance would be used for final payment.

The non-major capital project funds decreased by \$646,248. This is due to the Golf Course Road Extension bonded in 2019 not completed until 2020. 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 income of \$15,807. Operating revenues increased by \$61,985 due to an increase in the number of rounds played and an increase of \$14,500 in season pass sales.

The Storm Water Utility had an operating income of \$80,087. Operating revenues increased by \$49,385 due to a increase in the Storm Water Utility rates. Personnel costs decreased by \$87,000 due to milder weather in the spring and fall.

### **Budgetary Highlights**

**General Fund.** The General Fund had an increase in fund balance of \$720,900. The General Fund revenue was over budget by \$1,518,685 due to several items. Licenses and Permits was over approximately \$159,000 because of the construction of one new affordable housing development with a 38-unit three story apartment building and 18 town home style units in three separate buildings. The other permit is for the development of a 120-unit senior living community with independent living, theater room, salon and spa, chapel and outdoor activity space. Charges for services over budget by \$100,000 due an unbudgeted increase in Finance charges and Engineering charges for City projects. Intergovernmental Revenue was over budget by

## Management's Discussion and Analysis

\$1,240,000 primarily due to receipt of federal CARES act monies and a one-time Iron Range Resources and Rehabilitation grant for \$300,000.

Total expenditures were over budget by \$933,680. Miscellaneous expenditures was over budget by \$1,035,241 due to providing the EDA \$411,000 for small business assistance grants. The City had a pass-through grant payable to the Grand Rapids Public Utilities for \$300,00 and Federal CARES expenditures of \$418,000.

### **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, 2020, amounts to \$68,323,878. (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	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$7,080,791	\$6,783,332	\$910,812	\$910,812	\$7,991,603	\$7,694,144
Building and improvements	9,768,260	10,379,186	1,361,702	1,426,120	11,129,962	11,805,306
Vehicles, equipment and furnitu	4,619,881	3,667,944	466,087	551,329	5,085,968	4,219,273
Infrastructure	35,634,358	38,030,864	-	-	35,634,358	38,030,864
Construction in progress	8,481,987	4,155,841	-	-	8,481,987	4,155,841
Total	<u>\$65,585,277</u>	<u>\$63,017,167</u>	<u>\$2,738,601</u>	<u>\$2,888,261</u>	<u>\$68,323,878</u>	<u>\$65,905,428</u>

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 \$22,647,221 (excluding compensated absences), a decrease of \$199,685 from 2019. Of the total outstanding amount:

- \$9,425,000 is general obligation improvement debt that is supported in part by special assessments,
- \$650,000 is general obligation tax increment debt which is financed through the City's economic development program,
- \$12,065,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$507,221 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	
	2020	2019	2020	2019	2020	2019
General obligation improvement bonds	\$9,425,000	\$11,280,000	\$ -	\$ -	\$9,425,000	\$11,280,000
General obligation tax increment bonds	650,000	680,000	-	-	650,000	680,000
Other general obligation bonds	12,065,000	10,385,000	-	-	12,065,000	10,385,000
Capital leases, loans, bond premium	477,600	443,777	29,621	58,129	507,221	501,906
Total	<u>\$22,617,600</u>	<u>\$22,788,777</u>	<u>\$29,621</u>	<u>\$58,129</u>	<u>\$22,647,221</u>	<u>\$22,846,906</u>

The City issued General Obligation Street Reconstruction Bonds, Series 2020A for \$2,275,000 in 2020. The Street Reconstruction Plan for 2020 include the reconstruction of 2nd Ave. NE (6th-9th), 9th Street NE (1st-2nd) & 7th Street NE.

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 \$24,664,413. Of the City's outstanding debt, \$10,002,051 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, 2020  
With Comparative Totals For December 31, 2019

Statement 1

	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Total		Economic Development Authority	Public Utilities Commission
			2020	2019		
Assets:						
Cash and investments	\$16,427,330	\$502,222	\$16,929,552	\$15,264,805	\$954,130	\$4,350,686
Accrued interest receivable	20,609	-	20,609	29,971	-	4,728
Due from other governmental units	1,127,289	-	1,127,289	921,316	8,857	-
Due from primary government	-	-	-	-	-	133,387
Due from component units	153,390	64,779	218,169	214,751	-	-
Accounts receivable - net	147,199	10,158	157,357	254,917	49,489	3,234,293
Pledges receivable	42,510	-	42,510	92,473	-	-
Internal balances	191,037	(191,037)	-	-	-	-
Prepaid items	203,982	8,480	212,462	214,007	2,000	272,089
Property taxes receivable	266,022	-	266,022	231,320	-	-
Special assessments receivable	2,788,630	-	2,788,630	2,941,569	-	-
Inventories - at cost	-	-	-	-	-	659,088
Other receivable	133,555	-	133,555	133,555	-	-
Land held for resale	-	-	-	193,844	2,995,877	-
Notes receivable	300,000	-	300,000	300,000	1,230,652	-
Restricted cash and investments	-	-	-	-	-	1,377,206
Restricted accounts receivable	-	-	-	-	-	15,271,674
Financial assurance landfill closure	-	-	-	-	-	3,640,225
Net pension asset	1,417,507	-	1,417,507	1,325,282	-	-
Capital assets - nondepreciable	15,562,778	910,812	16,473,590	11,849,985	-	3,135,284
Capital assets - net of accumulated depreciation	50,022,499	1,827,789	51,850,288	54,055,443	-	59,930,965
Regulatory assets	-	-	-	-	-	99,663
Non-utility property - net of amortization	-	-	-	-	-	645,588
Total assets	88,804,337	3,133,203	91,937,540	88,023,238	5,241,005	92,754,876
Deferred outflows of resources:						
Service territory acquisition	-	-	-	-	-	219,917
Related to pensions	1,285,603	-	1,285,603	1,893,676	-	227,785
Related to OPEB	1,327	-	1,327	11,482	-	-
Total deferred outflows of resources	1,286,930	0	1,286,930	1,905,158	0	447,702
Liabilities:						
Accounts payable	703,554	14,203	717,757	493,476	27,061	1,424,978
Accrued wages payable	90,398	7,223	97,621	307,772	-	91,546
Due to other governmental units	283,844	648	284,492	30,655	105,452	71,615
Due to component units	349,618	83,209	432,827	88,786	-	-
Contracts payable	401,237	-	401,237	80,340	-	-
Deposits payable	367,102	51,000	418,102	44,215	1,535	432,830
Due to primary government	-	-	-	-	600	166,264
Accrued interest payable	241,417	1,259	242,676	258,332	-	194,141
Unearned revenue	96,978	14,045	111,023	49,377	-	111,227
Compensated absences:						
Due within one year	43,805	1,992	45,797	51,335	-	224,059
Due in more than one year	469,526	6,535	476,061	370,929	-	118,893
Net pension liability:						
Due in more than one year	4,874,930	-	4,874,930	4,280,103	-	2,320,242
Landfill closure costs:						
Due in more than one year	-	-	-	-	-	3,640,225
Noncurrent liabilities:						
Due within one year	2,515,000	29,621	2,544,621	2,552,152	71,328	2,337,395
Due in more than one year	20,102,600	-	20,102,600	20,294,758	2,061,507	15,828,098
Other post employment benefits:						
Due in more than one year	21,193	-	21,193	28,220	-	-
Total liabilities	30,561,202	209,735	30,770,937	28,930,450	2,267,483	26,961,513
Deferred inflows of resources:						
Demand payment deferral	-	-	-	-	-	14,681,597
Related to pensions	1,596,904	-	1,596,904	3,157,854	-	176,770
Related to other post employment benefits	10,697	-	10,697	12,838	-	-
Other deferred credits	-	-	-	-	-	37,909
Total deferred inflows of resources	1,607,601	0	1,607,601	3,170,692	0	14,896,276
Net position:						
Net investment in capital assets	45,277,093	2,708,980	47,986,073	45,734,303	-	45,010,756
Restricted for:						
Debt service	9,017,009	-	9,017,009	9,507,326	-	-
Itasca County share of airport	77,229	-	77,229	86,549	-	-
Pensions	1,373,361	-	1,373,361	1,203,123	-	-
Other purposes	62,499	-	62,499	99,994	-	796,279
Unrestricted	2,115,273	214,488	2,329,761	1,195,959	2,973,522	5,537,754
Total net position	\$57,922,464	\$2,923,468	\$60,845,932	\$57,827,254	\$2,973,522	\$51,344,789

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, 2020

With Comparative Totals For The Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$4,566,308	\$649,606	\$892,269	\$85,565
Public safety	3,811,071	781,224	541,113	-
Public works	7,451,179	1,387,390	1,248,495	1,002,952
Culture and recreation	1,825,496	805,001	458,343	-
Interest and fees on long-term debt	625,932	-	29,701	-
Total governmental activities	<u>18,279,986</u>	<u>3,623,221</u>	<u>3,169,921</u>	<u>1,088,517</u>
Business-type activities:				
Golf course	636,642	653,736		-
Storm water utility	657,178	746,488		
Total business-type activities	<u>1,293,820</u>	<u>1,400,224</u>	<u>0</u>	<u>0</u>
Total primary government	<u>\$19,573,806</u>	<u>\$5,023,445</u>	<u>\$3,169,921</u>	<u>\$1,088,517</u>
Component units:				
Economic Development Authority	\$237,271	\$41,414	\$333,267	\$ -
Public Utilities Commission	24,429,036	22,535,640	-	3,251,215
Total component units	<u>\$24,666,307</u>	<u>\$22,577,054</u>	<u>\$333,267</u>	<u>\$3,251,215</u>
General revenues:				
General property taxes				
Payments in lieu of taxes (PILOT)				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other				
Transfers				
Total general revenues, special items and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

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

## Statement 2

Net (Expense) Revenue and Changes in Net Position Primary Government				Component Units	
Governmental Activities	Business-Type Activities	Total 2020	Total 2019	Economic Development Authority	Public Utilities Commission
(\$2,938,868)	\$ -	(\$2,938,868)	(\$3,069,038)	\$ -	\$ -
(2,488,734)	-	(2,488,734)	(2,479,595)	-	-
(3,812,342)	-	(3,812,342)	224,449	-	-
(562,152)	-	(562,152)	(960,460)	-	-
(596,231)	-	(596,231)	(619,634)	-	-
(10,398,327)	0	(10,398,327)	(6,904,278)	0	0
-	17,094	17,094	(33,744)	-	-
-	89,310	89,310	(47,355)	-	-
0	106,404	106,404	(81,099)	0	0
(10,398,327)	106,404	(10,291,923)	(6,985,377)	0	0
				137,410	-
				-	1,357,819
				137,410	1,357,819
7,659,562	-	7,659,562	7,629,869	56,221	-
911,762	-	911,762	913,682	-	-
2,086,492	-	2,086,492	1,843,498	2,906	-
136,466	3,644	140,110	209,983	9,609	30,745
2,512,675	-	2,512,675	199,455	175,000	-
-	-	-	33,003	-	-
-	-	-	-	-	-
13,306,957	3,644	13,310,601	10,829,490	243,736	30,745
2,908,630	110,048	3,018,678	3,844,113	381,146	1,388,564
55,013,834	2,813,420	57,827,254	53,983,141	2,592,376	49,956,225
\$57,922,464	\$2,923,468	\$60,845,932	\$57,827,254	\$2,973,522	\$51,344,789

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



**CITY OF GRAND RAPIDS, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

Statement 3

	101 General Fund	407 Capital Equipment Replacement	481 2020 Infrastructure Bonds	482 2021 Infrastructure Bonds	Other Governmental Funds	Total Governmental Funds	
						2020	2019
<b>Assets</b>							
Cash and investments	\$5,851,587	\$556,916	\$304,995	\$847,859	\$8,865,973	\$16,427,330	\$15,054,726
Accrued interest receivable	20,609	-	-	-	-	20,609	29,971
Due from other governmental units	630,901	-	-	-	483,408	1,114,309	906,072
Due from other funds	117,171	-	-	-	-	117,171	497,959
Due from component units	102,083	-	-	-	51,307	153,390	155,991
Accounts receivable	60,089	-	-	-	87,110	147,199	244,117
Pledges receivable	-	-	-	-	42,510	42,510	92,473
Interfund loan receivable	1,320,035	-	-	-	-	1,320,035	1,110,181
Land held for resale	-	-	-	-	-	-	193,844
Prepaid items	151,041	-	-	-	52,941	203,982	206,020
Taxes receivable - delinquent	235,499	-	-	-	30,523	266,022	231,320
Special assessments receivable	121,524	-	-	-	2,717,106	2,838,630	2,991,569
Note receivable	300,000	-	-	-	-	300,000	300,000
<b>Total assets</b>	<b>\$8,910,539</b>	<b>\$556,916</b>	<b>\$304,995</b>	<b>\$847,859</b>	<b>\$12,330,878</b>	<b>\$22,951,187</b>	<b>\$22,014,243</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$73,757	\$ -	\$2,550	\$82,673	\$544,574	\$703,554	\$475,446
Accrued wages payable	78,488	-	-	-	11,910	90,398	290,438
Due to other governmental units	57,210	-	-	-	226,634	283,844	28,186
Due to component units	335,631	-	-	-	13,987	349,618	77,705
Contracts payable	-	-	\$8,753	342,484	-	401,237	80,340
Due to other funds	-	-	-	984	105,712	106,696	497,797
Deposits payable	357,871	-	-	-	9,231	367,102	22,015
Interfund loan payable	-	1,130,211	-	-	66,401	1,196,612	960,379
Unearned revenue	8,850	-	-	-	88,128	96,978	42,615
<b>Total liabilities</b>	<b>911,807</b>	<b>1,130,211</b>	<b>61,303</b>	<b>426,141</b>	<b>1,066,577</b>	<b>3,596,039</b>	<b>2,474,921</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	657,023	-	-	-	2,790,139	3,447,162	3,809,206
<b>Total deferred inflows of resources</b>	<b>657,023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,790,139</b>	<b>3,447,162</b>	<b>3,809,206</b>
<b>Fund balances:</b>							
Nonspendable	1,471,076	-	-	-	52,941	1,524,017	1,316,201
Restricted	35,950	-	-	-	6,792,754	6,828,704	7,130,938
Committed	925,572	-	-	-	853,737	1,779,309	1,597,652
Assigned	-	-	243,692	421,718	1,146,364	1,811,774	1,677,812
Unassigned	4,909,111	(573,295)	-	-	(371,634)	3,964,182	4,007,513
<b>Total fund balances</b>	<b>7,341,709</b>	<b>(573,295)</b>	<b>243,692</b>	<b>421,718</b>	<b>8,474,162</b>	<b>15,907,986</b>	<b>15,730,116</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$8,910,539</b>	<b>\$556,916</b>	<b>\$304,995</b>	<b>\$847,859</b>	<b>\$12,330,878</b>	<b>\$22,951,187</b>	<b>\$22,014,243</b>
<b>Fund balance reported above</b>						<b>\$15,907,986</b>	<b>\$15,730,116</b>
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.						65,585,277	63,017,167
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						266,022	231,320
Assessments not yet due or delinquent						2,788,630	2,941,569
Pledges not yet due						42,510	92,473
Due from other governmental units						12,980	15,244
Land held for resale						-	193,844
Other receivable not yet due						133,555	133,555
Notes receivable not yet due						300,000	300,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:							
Bonds payable and unamortized bond premium						(22,617,600)	(22,775,137)
Capital lease and loans payable						-	(13,644)
Accrued interest payable						(241,417)	(257,435)
Compensated absences payable						(513,331)	(414,568)
Other post employment benefits						(30,563)	(29,576)
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.						(5,084,946)	(5,354,217)
Amounts pertaining to the Grand Rapids Fire Relief Association Pension Plan are not current financial resources, and, therefore, are not reported in the governmental funds:							
Net pension asset						1,417,507	1,325,282
Deferred outflows of resources						119,443	20,840
Deferred inflows of resources						(163,589)	(142,999)
<b>Net position of governmental activities</b>						<b>\$57,922,464</b>	<b>\$55,013,834</b>

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, 2020

With Comparative Totals For The Year Ended December 31, 2019

	101 General Fund	407 Capital Equipment Replacement	481 2020 Infrastructure Bonds	482 2021 Infrastructure Bonds	Other Governmental Funds	Totals Governmental Funds	
						2020	2019
Revenues:							
Taxes:							
General property	\$4,719,439	\$167,933	\$ -	\$ -	\$2,445,435	\$7,332,807	\$7,256,413
Tax abatements	-	-	-	-	62,717	62,717	64,154
Tax increments	-	-	-	-	228,759	228,759	256,676
Payments in lieu of taxes (PILOT)	911,762	-	-	-	-	911,762	913,682
Licenses and permits	450,688	-	-	-	-	450,688	499,947
Intergovernmental	3,745,965	8,543	-	175,784	1,812,178	5,742,470	10,498,053
Special assessments	16,813	-	-	-	415,661	432,474	514,977
Charges for services	1,090,118	-	-	-	977,614	2,067,732	2,163,196
Fines and forfeits	54,331	-	-	-	38,076	92,407	112,553
Investment income	47,889	6,814	-	-	81,763	136,466	206,030
Contributions and donations	600	-	-	-	114,722	115,322	162,599
Reimbursement from component unit	-	-	791,679	-	-	791,679	84,020
Other grants	-	-	-	-	142,000	142,000	-
Other	12,054	-	-	-	2,373	14,427	65,654
Total revenues	11,049,659	183,290	791,679	175,784	6,321,298	18,521,710	22,797,954
Expenditures:							
Current:							
General government	2,288,167	4,181	-	-	668,342	2,960,690	3,525,148
Public safety	3,714,617	-	-	-	132,756	3,847,373	3,798,604
Public works	2,457,510	-	-	-	527,350	2,984,860	2,864,435
Culture and recreation	82,709	-	-	-	1,442,349	1,525,058	1,869,413
Miscellaneous	1,214,096	-	-	-	-	1,214,096	332,564
Capital outlay/construction	255,165	1,035,168	2,575,031	2,165,575	1,714,530	7,745,469	8,813,591
Decertify TIF districts	-	-	-	-	-	-	95,693
Debt service:							
Principal retirement	-	-	-	-	2,480,000	2,480,000	2,480,000
Interest	-	-	-	-	613,237	613,237	629,512
Paying agent fees	-	-	-	-	6,850	6,850	6,350
Bond issuance costs	-	-	57,920	-	-	57,920	50,948
Total expenditures	10,012,264	1,039,349	2,632,951	2,165,575	7,585,414	23,435,553	24,466,258
Revenues over (under) expenditures	1,037,395	(856,059)	(1,841,272)	(1,989,791)	(1,264,116)	(4,913,843)	(1,668,304)
Other financing sources (uses):							
Bond issuance	-	-	2,275,000	-	-	2,275,000	1,585,000
Bond premium	-	-	83,520	-	-	83,520	62,547
Sale of capital assets	-	-	-	2,341,140	4,000	2,345,140	210,616
Sale of land held for resale	181,765	-	-	-	-	181,765	-
Insurance recoveries	19,356	-	-	-	186,932	206,288	19,127
Transfers in	-	282,000	-	81,710	442,776	806,486	982,070
Transfers out	(517,616)	(42,975)	(32,820)	-	(213,075)	(806,486)	(978,570)
Total other financing sources (uses)	(316,495)	239,025	2,325,700	2,422,850	420,633	5,091,713	1,880,790
Net change in fund balance	720,900	(617,034)	484,428	433,059	(843,483)	177,870	212,486
Fund balance - January 1	6,620,809	43,739	(240,736)	(11,341)	9,317,645	15,730,116	15,517,630
Fund balance - December 31	\$7,341,709	(\$573,295)	\$243,692	\$421,718	\$8,474,162	\$15,907,986	\$15,730,116

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, 2020  
With Comparative Amounts For The Year Ended December 31, 2019**
**Statement 5**

	2020	2019
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)	\$177,870	\$212,486
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	(3,680,006)	(3,539,122)
Capital outlay	7,745,469	8,813,591
Capital outlay not capitalized	(1,406,936)	(3,005,691)
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.	(90,417)	(26,516)
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	34,702	52,626
Change in deferred and delinquent special assessments	(152,939)	260,423
Change in pledges receivable	(49,963)	(55,769)
Change in notes receivable	-	300,000
Change in land held for resale	(193,844)	(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	(2,275,000)	(1,585,000)
Principal payments on bonds, capital leases and loans payable	2,493,644	2,493,644
Current year bond premium and amortization of bond premium	(47,463)	(30,399)
Change in due from other governmental units accrual related to a federal credit on BAB bonds	(2,264)	(3,137)
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	(98,763)	(5,733)
Change in other post employment benefits	(987)	27,000
Change in accrued interest payable	16,018	318
Governmental funds report Fire Department pension contributions as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense differed from pension contributions.		
Pension expense	170,238	99,703
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.	269,271	24,936
Change in net position of governmental activities (Statement 2)	<u>\$2,908,630</u>	<u>\$3,924,759</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, 2020

With Comparative Totals For Enterprise Funds For December 31, 2019

Statement 6

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2020	2019	2020
Assets:					
Current assets:					
Cash and cash equivalents	\$216,515	\$285,707	\$502,222	\$210,079	\$ -
Due from component units	-	64,779	64,779	58,760	-
Accounts receivable	1,966	8,192	10,158	10,800	-
Prepaid items	6,951	1,529	8,480	7,987	-
Total current assets	225,432	360,207	585,639	287,626	0
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	2,380,914	-
Machinery, equipment and furniture	908,752	488,036	1,396,788	1,383,344	-
Total capital assets	4,161,147	527,367	4,688,514	4,675,070	0
Less: Allowance for depreciation	(1,705,206)	(244,707)	(1,949,913)	(1,786,809)	-
Net capital assets	2,455,941	282,660	2,738,601	2,888,261	0
Total noncurrent assets	2,455,941	282,660	2,738,601	2,888,261	0
Total assets	2,681,373	642,867	3,324,240	3,175,887	0
Deferred outflows of resources - pension related	-	-	-	-	1,166,160
Liabilities:					
Current liabilities:					
Accounts payable	8,012	6,191	14,203	18,030	-
Accrued wages payable	1,325	5,898	7,223	17,334	-
Due to other governmental units	405	243	648	2,469	-
Due to component units	1,247	81,962	83,209	11,081	-
Due to other funds	10,475	-	10,475	162	-
Accrued interest payable	1,259	-	1,259	897	-
Deposits payable	-	51,000	51,000	22,200	-
Interfund loan payable	123,423	-	123,423	149,802	-
Compensated absences payable - current	-	1,992	1,992	2,276	-
Capital lease payable - current	29,621	-	29,621	28,508	-
Unearned revenue	14,045	-	14,045	6,762	-
Total current liabilities	189,812	147,286	337,098	259,521	0
Noncurrent liabilities:					
Compensated absences payable	-	6,535	6,535	5,420	-
Capital lease payable	-	-	-	29,621	-
Net pension liability	-	-	-	-	4,874,930
Total noncurrent liabilities	0	6,535	6,535	35,041	4,874,930
Total liabilities	189,812	153,821	343,633	294,562	4,874,930
Deferred inflows of resources - pension related	-	-	-	-	1,433,315
Net position:					
Investment in capital assets	2,426,320	282,660	2,708,980	2,888,261	-
Unrestricted	65,241	206,386	271,627	(6,936)	(5,142,085)
Total net position	\$2,491,561	\$489,046	\$2,980,607	\$2,881,325	(\$5,142,085)
Net position reported above			\$2,980,607	\$2,881,325	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.			(57,139)	(67,905)	
Net position of business-type activities			\$2,923,468	\$2,813,420	

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, 2020

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2020	2019	2020
Operating revenues:					
Season passes	\$173,495	\$ -	\$173,495	\$158,998	\$ -
Green fees	278,445	-	278,445	249,482	-
Special play	7,579	-	7,579	13,058	-
Rentals and leases	192,217	-	192,217	168,213	-
Charges for service	-	743,663	743,663	694,278	570,346
Total operating revenues	651,736	743,663	1,395,399	1,284,029	570,346
Operating expenses:					
Personnel services	267,630	301,302	568,932	646,258	323,151
Materials and supplies	36,533	52,363	88,896	114,971	-
Other services and charges	228,818	246,033	474,851	433,888	-
Depreciation	102,948	63,878	166,826	169,472	-
Total operating expenses	635,929	663,576	1,299,505	1,364,589	323,151
Operating income (loss)	15,807	80,087	95,894	(80,560)	247,195
Nonoperating revenues (expenses):					
Intergovernmental revenue	-	-	-	-	32,842
Investment income	2,346	1,298	3,644	3,953	-
Interest expense	(5,081)	-	(5,081)	(5,310)	-
Insurance recoveries	-	-	-	-	-
Miscellaneous revenue	2,000	2,825	4,825	9,783	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	(735)	4,123	3,388	8,426	32,842
Income before contributions and transfers	15,072	84,210	99,282	(72,134)	280,037
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(3,500)	-
Total transfers and contributions	0	0	0	(3,500)	0
Change in net position	15,072	84,210	99,282	(75,634)	280,037
Net position - January 1	2,476,489	404,836	2,881,325	2,956,959	(5,422,122)
Net position - December 31	\$2,491,561	\$489,046	\$2,980,607	\$2,881,325	(\$5,142,085)
Changes in net position reported above			\$99,282	(\$75,634)	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.			10,766	(5,012)	
Change in net position of business-type activities (Statement 2)			\$110,048	(\$80,646)	

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, 2020

With Comparative Totals For The Year Ended December 31, 2019

Statement 8

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2020	2019	2020
Cash flows from operating activities:					
Receipts from customers and users	\$661,831	\$740,299	\$1,402,130	\$1,277,902	\$ -
Receipts from interfund charges for pension benefits	-	-	-	-	570,346
Payment to suppliers	(253,882)	(204,765)	(458,647)	(685,636)	(570,346)
Payment to employees	(270,181)	(308,031)	(578,212)	(641,385)	-
Net cash flows provided by operating activities	137,768	227,503	365,271	(49,119)	0
Cash flows from noncapital financing activities:					
Interfund borrowing cash payments	(26,379)	-	(26,379)	49,809	-
Interest on interfund borrowing	(4,719)	-	(4,719)	(6,155)	-
Intergovernmental revenue	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(3,500)	-
Net cash flows provided by (used in) noncapital financing activities	(31,098)	0	(31,098)	40,154	0
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(17,166)	-	(17,166)	(103,119)	-
Proceeds from sale of capital assets	-	-	-	-	-
Principal payment on capital lease	(28,508)	-	(28,508)	(27,435)	-
Net cash flows (used in) capital and related financing activities	(45,674)	0	(45,674)	(130,554)	0
Cash flows from investing activities:					
Investment income	2,346	1,298	3,644	3,953	-
Net increase in cash and cash equivalents	63,342	228,801	292,143	(135,566)	0
Cash and cash equivalents - January 1	153,173	56,906	210,079	345,645	-
Cash and cash equivalents - December 31	\$216,515	\$285,707	\$502,222	\$210,079	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$15,807	\$80,087	\$95,894	(\$80,560)	\$247,195
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	102,948	63,878	166,826	169,472	-
Miscellaneous revenue	2,000	2,825	4,825	9,783	-
Intergovernmental revenue	-	-	-	-	32,842
Changes in assets and liabilities:					
Decrease (increase) in receivables	812	(6,189)	(5,377)	6,031	-
Decrease (increase) in prepaid items	(414)	(79)	(493)	(204)	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	706,676
Increase (decrease) in unearned revenue	7,283	-	7,283	(21,941)	-
Increase (decrease) in payables	9,332	86,981	96,313	(131,700)	594,827
Increase (decrease) in deferred inflows of resources	-	-	-	-	(1,581,540)
Total adjustments	121,961	147,416	269,377	31,441	(247,195)
Net cash provided by operating activities	\$137,768	\$227,503	\$365,271	(\$49,119)	\$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, 2020  
With Comparative Totals For December 31, 2019

**Statement 9**

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$90,727	\$151,411
Receivables:		
Accounts	-	-
Total assets	<u>90,727</u>	<u>151,411</u>
Liabilities:		
Accounts payable	90,727	151,411
Due to other governments	-	-
Total liabilities	<u>90,727</u>	<u>151,411</u>
Net position:		
Restricted	<u>\$0</u>	<u>\$0</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, 2020  
With Comparative Totals For December 31, 2019

**Statement 10**

	<u>2020</u>	<u>2019</u>
Additions:		
Lodging tax collections	\$252,385	\$339,818
Cable franchise fee collections	314,553	280,069
Total additions	<u>566,938</u>	<u>619,887</u>
Deductions:		
Payments to other entities	546,532	594,732
Administrative fees	20,406	25,155
Total deductions	<u>566,938</u>	<u>619,887</u>
Net increase (decrease) in fiduciary net position	-	-
Net position - beginning	-	-
Net position - ending	<u>\$ -</u>	<u>\$ -</u>

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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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.

Effective December 31, 2020, The Housing and Redevelopment Authority of Grand Rapids, Minnesota was dissolved, and the activities were transferred to The Itasca County Housing and Redevelopment Authority.

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JOINT POWERS AGREEMENT – GRAND RAPIDS/ITASCA COUNTY AIRPORT

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

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

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

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



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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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 *Capital Equipment Replacement* accounts for the accumulation of resources for capital improvement replacement.

The *2020 Infrastructure Bond Fund* accounts for the projects funded by the 2020A Improvement Bonds.

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

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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	<u>Final Budget</u>	<u>Actual</u>	<u>Amount Over Budget</u>
Major Funds:			
General fund	\$ 9,078,584	\$ 10,012,264	\$ 933,680
Nonmajor Funds:			
Airport	228,743	274,843	46,100
Cemetery	241,791	279,841	38,050

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.



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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**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, 2020

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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, 2020, 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:

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

**M. INTERFUND TRANSACTIONS AND BALANCES**

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

Short-term receivables and payables between funds are classified as “due from other funds” or “due to other funds” on the balance sheet. Such items, which are expected to be eliminated in 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.



**CITY OF GRAND RAPIDS, MINNESOTA**  
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*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 2020 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, 2019, 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 and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### SINGLE EMPLOYER PLAN

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

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

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

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

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

At December 31, 2020 the carrying amount of the City's deposits with financial institutions was \$11,069,293.

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, 2020, the bank balance of the City's deposits was \$10,907,182 all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

**B. INVESTMENTS**

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorized the City to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

As of December 31, 2020, the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1	1-5	6-10
Brokered CD's	NR	\$6,891,000	\$645,000	\$4,558,000	\$1,688,000
Other	NR	10,596	10,596	-	-
Total		<u>\$6,901,596</u>	<u>\$655,596</u>	<u>\$4,558,000</u>	<u>\$1,688,000</u>
NR - Not Rated			Total investments	\$6,901,596	
			Deposits	11,069,293	
			Petty cash	3,520	
			Total cash and investments	<u>\$17,974,409</u>	



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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 3 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, 2020:

Investment Type	12/31/2020	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered CD's	\$6,891,000	\$ -	\$6,891,000	\$ -
Other	10,596	-	10,596	-
Total	<u>\$6,901,596</u>	<u>\$ -</u>	<u>\$6,901,596</u>	<u>\$ -</u>

Following is a reconciliation of the City's cash and investment balances as of December 31, 2020:

Cash and investments - primary government:	
Governmental and business-type (Statement 1)	\$16,929,552
Fiduciary (Statement 9)	90,727
Cash and investments - EDA (Statement 1)	<u>954,130</u>
	<u>\$17,974,409</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

**CITY OF GRAND RAPIDS, MINNESOTA**  
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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, 2020 for the Public Utilities Commission are as follows:

Demand deposits and cash on hand	\$3,608,892
Certificates of deposits - negotiable	2,119,000
Total cash and investments	5,727,892
Less restricted amounts	(1,377,206)
Total cash and investments - unrestricted	<u>\$4,350,686</u>

**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2020 are as follows:

	Primary Government				
	Major Funds			Total	EDA
	General	Storm Water Utility	Nonmajor Funds		
Special assessments receivable	\$65,891	\$4,405	\$1,374,485	\$1,444,781	\$ -
Property taxes receivable	137,296	-	17,795	155,091	-
Interfund loan receivable	1,093,373	-	-	1,093,373	-
Pledges Receivable	-	-	42,510	42,510	-
Notes receivable	300,000	-	-	300,000	1,022,320
	<u>\$1,596,560</u>	<u>\$4,405</u>	<u>\$1,434,790</u>	<u>\$3,035,755</u>	<u>\$1,022,320</u>

**PLEDGES RECEIVABLE**

The City completed construction on a multi-use pavilion addition to the IRA Civic Arena in 2018. A portion of the funding was a capital drive, which began in 2016. As shown above, as of December 31, 2020, outstanding pledges receivable were \$42,510.

**NOTES RECEIVABLE**

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

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**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	\$235,499	\$121,524	\$ -	\$300,000	\$ -	\$657,023
Nonmajor Funds	30,523	2,717,106	-	-	42,510	2,790,139
Total primary government	266,022	2,838,630	0	300,000	42,510	3,447,162
EDA (discretely presented component unit)	-	-	2,995,877	1,235,107	-	4,230,984
Total unavailable revenue	\$266,022	\$2,838,630	\$2,995,877	\$1,535,107	\$42,510	\$7,678,146

**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, 2020 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major funds:		
General Fund	\$1,320,035	\$ -
Capital Equipment Replacement	-	1,130,211
Pokegama Golf Course	-	123,423
Nonmajor funds:		
Special revenue funds:		
IRA Civic Center	-	66,401
Total	\$1,320,035	\$1,320,035



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Amounts reported as due to/from other funds at December 31, 2020 are as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$117,771	\$ -
Pokegama Golf Course	-	10,475
Nonmajor Funds:		
Special Revenue Funds:		
Haz-Mat	-	3,163
Public Library	-	9,700
Capital Project Funds:		
Airport Capital Fund	-	32,402
IRA Civic Center Projects	-	52,947
2021 Infrastructure Bonds	-	984
2022 Infrastructure Bonds	-	7,500
Total	<u>\$117,771</u>	<u>\$117,171</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.

Amounts reported as interfund transfers at December 31, 2020 are as follows:

	Transfers In				Total
	General Fund	Capital Equipment Replacement Fund	2021 Infrastructure Bonds	Nonmajor Governmental Funds	
Transfers out:					
General Fund	\$ -	\$282,000	\$ -	\$235,616	\$517,616
Capital Equipment Replacement Fund	-	-	-	42,975	42,975
2020 Infrastructure Bonds	-	-	-	32,820	32,820
Nonmajor Governmental Funds	-	-	81,710	131,365	213,075
Pokegama Golf Course	-	-	-	-	-
Total	<u>\$0</u>	<u>\$282,000</u>	<u>\$81,710</u>	<u>\$442,776</u>	<u>\$806,486</u>

The City makes routine interfund transfers to allocate financial resources to the funds that receive benefit from services provided by another fund or to establish or close-out funds. During 2020, the City made transfers from the General Fund to Special Revenue Funds (\$77,805) 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 (\$282,000) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$288,870).

**CITY OF GRAND RAPIDS, MINNESOTA**  
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**Note 6 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and land improvements	\$6,783,332	\$362,102	(\$64,643)	\$7,080,791
Artwork	-	19,800	-	19,800
Construction in progress	4,155,841	4,575,490	(269,144)	8,462,187
Total capital assets, not being depreciated	10,939,173	4,957,392	(333,787)	15,562,778
Capital assets, being depreciated:				
Buildings and improvements	29,219,744	37,118	(487,823)	28,769,039
Vehicles, equipment and furniture	11,700,995	1,613,167	(137,257)	13,176,905
Infrastructure	75,512,381	-	(15,000)	75,497,381
Total capital assets, being depreciated	116,433,120	1,650,285	(640,080)	117,443,325
Less accumulated depreciation for:				
Buildings and improvements	18,840,558	624,953	(464,732)	19,000,779
Vehicles, equipment and furniture	8,033,051	658,547	(134,574)	8,557,024
Infrastructure	37,481,517	2,396,506	(15,000)	39,863,023
Total accumulated depreciation	64,355,126	3,680,006	(614,306)	67,420,826
Total capital assets being depreciated - net	52,077,994	(2,029,721)	(25,774)	50,022,499
Governmental activities capital assets - net	\$63,017,167	\$2,927,671	(\$359,561)	\$65,585,277
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and land improvements	\$910,812	\$ -	\$ -	\$910,812
Total capital assets, not being depreciated	910,812	0	0	910,812
Capital assets, being depreciated:				
Buildings and improvements	2,380,914	-	-	2,380,914
Machinery, equipment and furniture	1,383,344	17,166	(3,722)	1,396,788
Total capital assets, being depreciated	3,764,258	17,166	(3,722)	3,777,702
Less accumulated depreciation for:				
Buildings and improvements	954,793	64,419	-	1,019,212
Machinery, equipment and furniture	832,016	102,407	(3,722)	930,701
Total accumulated depreciation	1,786,809	166,826	(3,722)	1,949,913
Total capital assets being depreciated - net	1,977,449	(149,660)	0	1,827,789
Business-type activities capital assets - net	\$2,888,261	(\$149,660)	\$0	\$2,738,601

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

Governmental activities:	
General government	\$137,138
Public safety	236,018
Public works, including depreciation of general infrastructure assets	2,988,701
Culture and recreation	318,149
Total depreciation expense - governmental activities	<u>\$3,680,006</u>
Business-type activities:	
Golf course	\$102,948
Storm water utility	63,878
Total depreciation expense - business-type activities	<u>\$166,826</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**  
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As of December 31, 2020, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/2020
<b>Primary Government</b>					
<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	\$650,000
G.O. Improvement Bonds:					
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022	1,150,000	150,000
Improvement Bonds of 2009C	1.85 - 4.30	9/1/2009	2/1/2025	4,565,000	1,730,000
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026	1,115,000	370,000
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027	1,555,000	510,000
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028	2,245,000	1,255,000
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027	4,175,000	2,065,000
Improvement Bonds of 2013A	0.30 - 1.35	5/8/2013	2/1/2021	1,525,000	175,000
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030	3,000,000	1,835,000
Improvement Refunding Bonds of 2017B	2.30 - 3.00	12/28/2017	2/1/2034	2,215,000	1,335,000
Total G.O. Improvement Bonds				21,545,000	9,425,000
Other General Obligation Bonds:					
Street Reconstruction Bonds of 2013B	3.00 - 3.50	9/1/2013	2/1/2029	4,025,000	2,620,000
Street Reconstruction Bonds of 2016A	0.85 - 2.20	10/5/2016	2/1/2032	2,170,000	1,795,000
Street Reconstruction Bonds of 2017A	3.00 - 3.50	9/7/2017	2/1/2033	2,130,000	1,920,000
Street Reconstruction Bonds of 2018A	3.00 - 3.25	10/18/2018	2/1/2034	1,960,000	1,870,000
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036	2,275,000	2,275,000
G.O. Abatement Bonds of 2019A	2.00 - 3.00	9/5/2019	2/1/2035	1,585,000	1,585,000
Total other general obligation bonds				14,145,000	12,065,000
Total bonded debt - governmental activities				36,395,000	22,140,000
Bond premium				590,533	477,596
Compensated absences				-	513,331
Total governmental activities				\$36,985,533	\$23,130,927
<u>Business-Type Activities:</u>					
Compensated absences				\$ -	\$8,527
Capital lease payable	3.84	7/20/2017	7/19/2022	142,747	29,621
Total business-type activities				\$142,747	\$38,148
<u>Component Units:</u>					
EDA:					
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035	\$350,000	\$262,500
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	101,540
Note payable - IRRRB	1.00	12/2/2016	8/1/2036	293,000	284,578
Note payable - IEDC	1.00	11/15/2016	11/1/2026	90,000	55,037
Note payable - EWCL	0.00	4/1/2020	10/1/2026	650,000	650,000
Special assessment payable				679,180	679,180
Total EDA				2,337,180	2,132,835
Public Utilities:					
Equipment lease payable	2.64	10/15/2015	10/15/2025	2,061,820	964,292
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029	26,370,232	13,781,000
Taxable G.O. Wastewater Revenue Bonds of 2011A	0.60 - 3.50	9/1/2011	12/1/2021	3,965,000	500,000
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033	2,025,000	1,370,000
G.O. Utility Revenue Bonds of 2013C	2.00 - 4.50	7/15/2013	2/1/2029	2,305,000	1,550,000
Total public utilities				36,727,052	18,165,292
Total component units				\$39,064,232	\$20,298,127

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Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31,	G.O. Tax Increment Bonds		G.O. Improvement Bonds		Other G.O. Bonds	
	Governmental Activities		Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$35,000	\$18,100	\$1,775,000	\$264,599	\$705,000	\$297,444
2022	35,000	17,050	1,610,000	215,640	850,000	286,503
2023	40,000	15,925	1,420,000	169,210	885,000	263,153
2024	35,000	14,800	1,310,000	126,134	910,000	239,002
2025	40,000	13,815	1,175,000	83,681	935,000	214,152
2026	40,000	12,895	755,000	52,667	975,000	188,027
2027	45,000	11,918	715,000	32,128	980,000	160,896
2028	45,000	10,725	330,000	17,235	1,020,000	132,602
2029	50,000	9,300	165,000	7,240	1,050,000	103,312
2030	55,000	7,725	170,000	2,465	730,000	79,708
2031	50,000	6,150	-	-	745,000	61,831
2032	55,000	4,575	-	-	765,000	43,564
2033	60,000	2,850	-	-	610,000	26,258
2034	65,000	975	-	-	445,000	13,185
2035	-	-	-	-	290,000	5,374
2036	-	-	-	-	170,000	1,360
Total	\$650,000	\$146,803	\$9,425,000	\$970,999	\$12,065,000	\$2,116,370

Year Ending December 31,	PUC Component Unit	
	Principal	Interest
2021	\$2,107,000	\$512,918
2022	1,652,000	448,939
2023	1,702,000	400,548
2024	1,754,000	350,180
2025	1,802,000	297,952
2026-2030	7,874,000	639,977
2031-2033	310,000	15,225
Total	\$17,201,000	\$2,665,739

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

Long-term liability activity for the year ended December 31, 2020, was as follows:

	12/31/19	Additions	Reductions	12/31/20	One Year
<b><u>Governmental Activities:</u></b>					
Bonds payable:					
G.O. Tax increment bonds	\$680,000	\$ -	(\$30,000)	\$650,000	\$35,000
G.O. Improvement bonds	11,280,000	-	(1,855,000)	9,425,000	1,775,000
Other G.O. bonds	10,385,000	2,275,000	(595,000)	12,065,000	705,000
Bond premium	430,137	83,520	(36,057)	477,600	-
Capital lease payable	13,644	-	(13,644)	-	-
Compensated absences	414,568	116,295	(17,532)	513,331	43,805
Total governmental activities	<u>\$23,203,349</u>	<u>\$2,474,815</u>	<u>(\$2,547,233)</u>	<u>\$23,130,931</u>	<u>\$2,558,805</u>
<b><u>Business Type Activities:</u></b>					
Capital lease payable	\$58,129	\$ -	(\$28,508)	\$29,621	\$29,621
Compensated absences	7,696	1,407	(576)	8,527	1,992
Total business-type activities	<u>\$65,825</u>	<u>\$1,407</u>	<u>(\$29,084)</u>	<u>\$38,148</u>	<u>\$31,613</u>
<b><u>Component Units:</u></b>					
Note payables - EDA	\$855,073	\$650,000	(\$51,418)	\$1,453,655	\$71,328
Assessment payable - EDA	679,180	-	-	679,180	-
G.O. Revenue bonds and notes - PUC	19,240,000	-	(2,039,000)	17,201,000	2,107,000
Equipment lease payable - PUC	1,221,040	-	(256,748)	964,292	230,395
Unamortized premiums and discounts - PUC	(1,562)	-	(1,763)	201	-
Compensated absences - PUC	323,986	259,134	(240,168)	342,952	224,059
Total component units	<u>\$22,317,717</u>	<u>\$909,134</u>	<u>(\$20,168)</u>	<u>\$20,641,280</u>	<u>\$2,632,782</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 \$150,088 and accumulated depreciation on these assets at December 31, 2020 is \$150,088. Depreciation in the amount of \$13,644 has been recorded as depreciation expense during 2020.

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, 2020 is \$59,228. Depreciation in the amount of \$16,829 has been recorded as depreciation expense during 2020.

The present value of future minimum lease payments as of December 31, 2020 is as follows:

2021	<u>\$30,779</u>
Total	30,779
Less: Amount representing interest	<u>(1,158)</u>
Net capital lease obligation	<u>\$29,621</u>



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**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, 2020 the principal amount outstanding on the note was \$150,738.

**TAXABLE NOTE PAYABLES - EDA**

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

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

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

In 2017 the EDA obtained a loan from the Blandin Foundation in the amount of \$175,000 for the purpose of providing financing for economic development projects. The loan proceeds were used to provide loans to private developers. The debt to the Blandin Foundation is payable solely from and to the extent of repayment of the developer loans.

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

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

In 2020, the EDA entered into a \$650,000 loan agreement with the Blandin Foundation. The loan proceeds were used to provide emergency working capital loans to local business. The loan matures on October 1, 2026. The interest rate is 0%.

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**TAXABLE GENERAL OBLIGATION WASTEWATER REVENUE NOTE, SERIES 2009E**

In 2009, the City authorized the issuance of the Taxable General Obligation Wastewater Revenue Note (Public Utilities Project), Series 2009E in the amount of \$28,509,779, payable to the Minnesota Public Facilities Authority. The bonds were closed in 2012 and the total draws made were \$26,370,232. As of December 31, 2020, the outstanding balance on the note was \$13,781,000.

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

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

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

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

**LEASE PURCHASE AGREEMENT**

In 2015, the City entered into a Lease Purchase Agreement with US Bancorp Government Leasing and Finance, Inc. for the purchase of an Automated Meter Reading System (System). The agreement qualifies as a capital lease. The Lease Purchase Agreement provides for a ten-year lease in the principal amount of \$1,700,000 at an interest rate not to exceed 2.64% per annum, with a bargain purchase option of \$1 at the end of the lease term. Upon purchase, the City will transfer title of the System to the Public Utilities Commission. As of December 31, 2020, the outstanding balance on the note was \$905,653.

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

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

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



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**REVENUE PLEDGED**

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

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement, 2007B	Street reconstruction	MSA allotments	100%	2007-2022	\$156,151	\$82,650	\$82,650
G.O. Improvement, 2009C (Build America Bond)	Infrastructure improvements	Special assessments	24%	2010-2024	\$1,960,051	\$416,768	\$361,784
		Federal BAB credit	10%				
		Ad Valorem Taxes	66%				
G.O. Improvement, 2010A	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	34% 66%	2012-2026	\$409,461	\$68,303	\$67,215
G.O. Improvement, 2011B	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	56% 46%	2012-2026	\$564,914	\$120,629	\$57,039
G.O. Improvement, 2012A	Infrastructure improvements	Special assessments Ad Valorem Taxes	32% 68%	2013-2027	\$1,432,560	\$181,710	\$127,804
G.O. Improvement, 2012B	Street reconstruction	MSA allotments	100%	2013-2027	\$2,238,601	\$322,489	\$322,489
G.O. Improvement, 2013A	Refunded 2004A and 2005A Bonds	Special assessments Ad Valorem Taxes	41% 59%	2014-2021	\$176,181	\$198,484	\$115,351
G.O. Street Reconstruction, 2013B	Street reconstruction	Ad Valorem Taxes	100%	2014-2029	\$3,026,119	\$342,213	\$154,613
G.O. Improvement, 2014A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	20% 80%	2014-2029	\$2,057,005	\$289,094	\$251,187
G.O. Street Reconstruction, 2016A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	80%	2016-2032	\$2,026,110	\$167,860	\$167,274
G.O. Street Reconstruction, 2017A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	13% 87%	2018-2033	\$2,350,912	\$182,475	\$195,890
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	\$2,197,428	\$486,650	\$290,456
G.O. Improvement, 2018A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes Special assessments	81% 19%	2018-2033	\$2,299,131	\$148,588	\$159,802
G.O. Improvement, 2019A	Abatement Bond	Ad Valorem Taxes Tax abatement	92% 8%	2019-2035	\$1,882,895	\$36,249	\$131,206
G.O. Street Reconstruction, 2020A	CIP Projects, and equipment	Special assessments Ad Valorem Taxes	92% 8%	2020-2036	\$2,596,203	\$ -	\$44,041



**Note 8    DEFINED BENEFIT PENSION PLANS**

**A. PLAN DESCRIPTION**

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

**B. BENEFITS PROVIDED**

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

1. GERF Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule

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

**2. PEPFF Benefits**

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. CONTRIBUTIONS**

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

**1. GERP Contributions**

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERP for the year ended December 31, 2020 were \$291,122. 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 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the PEPFF for the year ended December 31, 2020 were \$279,224. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

**1. GERP Pension Costs**

At December 31, 2020, the City reported a liability of \$3,141,619 for its proportionate share of GERP's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$97,027. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate 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, 2019 through June 30,



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2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0524% at the end of the measurement period and 0.0509% for the beginning of the period.

City's proportionate share of the net pension liability	\$3,141,619
State of Minnesota's proportionate share of the net pension liability associated with the City	97,027
Total	<u>\$3,238,646</u>

For the year ended December 31, 2020, the City recognized pension expense of \$148,194 for its proportionate share of the GERP's pension expense. In addition, the City recognized an additional \$8,444 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERP.

At December 31, 2020, the City reported its proportionate share of the GERP'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	\$28,660	\$11,886
Changes in actuarial assumptions	-	116,964
Net collective between projected and actual investment earnings	50,497	-
Changes in proportion	71,129	43,074
Contributions paid to PERA subsequent to the measurement date	149,455	-
Total	<u>\$299,741</u>	<u>\$171,924</u>

The \$149,455 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2021	(\$173,503)
2022	(4,410)
2023	80,372
2024	75,903
Thereafter	-
	<u>(\$21,638)</u>



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2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$1,733,311 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1315% at the end of the measurement period and 0.1377% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to PEPFF during the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$153,950 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$6,057 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$12,563 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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At December 31, 2020, 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	\$76,049	\$78,740
Changes in actuarial assumptions	555,653	1,057,798
Net collective between projected and actual investment earnings	59,543	-
Changes in proportion	28,882	124,853
Contributions paid to PERA subsequent to the measurement date	146,293	-
Total	<u>\$866,420</u>	<u>\$1,261,391</u>

The \$146,293 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

Year Ended December 31,	Pension Expense
2021	(\$174,246)
2022	(498,454)
2023	69,708
2024	71,410
2025	(9,683)
Thereafter	-
	<u>(\$541,265)</u>

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

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and 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% per year for GERF and 1.0% per year for PEPFF.

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Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**Police and Fire Fund**

Changes in Actuarial Assumptions

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
Total	100%	



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**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. PENSION LIABILITY SENSITIVITY**

The following presents the City's proportionate share of the net pension liability 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:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the GERF net pension liability	\$5,034,926	\$3,141,619	\$1,579,793
City's proportionate share of the PEPFF net pension liability	\$3,474,738	\$1,733,311	\$309,132

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**I. PENSION EXPENSE**

Pension expense recognized by the City for the year ended December 31, 2020 is as follows:

GERF	\$148,194
PEPFF	153,950
Fire Relief (note 10)	<u>(22,653)</u>
Total	<u>\$279,491</u>

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**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 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employer				
Employee	(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



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will be eligible to receive the final year on a pro-rated basis. For members retiring after January 1, 2015, the amount payable will be transferred to a separate investment vehicle held by the Relief Association. The deferred member bears the full investment risk subsequent to transfer. When the member applies for their pension, the deferred service pension shall be equal to the fair market value of the member's separate investment vehicle.

Disability Benefits

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

Survivor Benefits

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

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

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

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

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

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

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

A participant's beneficiary shall be as follows:

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

State Supplemental Benefits

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



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**C. EMPLOYEES COVERED BY BENEFIT TERMS**

At December 31, 2020, the following employees were covered by the benefit terms:

Retired members entitled to benefits, but have not received them	10
Current members:	
Fully vested (20 years or more)	1
Partially vested (10 years to 19 years)	12
Nonvested (less than 10 years)	<u>18</u>
Total	<u>41</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, 2020, were \$5,500. State aid contributions for the year ended December 31, 2020, were \$137,585.

**E. NET PENSION LIABILITY**

The City's net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020.

**F. ACTUARIAL ASSUMPTIONS**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real

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rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.

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

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

<u>Asset Class</u>	<u>Portfolio Weight</u>	<u>Expected Class Return</u>
Cash	6%	1.80%
Fixed income	49%	3.20%
Equities	44%	7.20%
Other	1%	7.00%
Total portfolio	100%	5.00%

**G. DISCOUNT RATES**

The discount rate used to measure the total pension liability was 5.00%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations." The determination of the discount rate assumed that the plan's current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan's long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**H. CHANGES IN THE NET PENSION LIABILITY**

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

**I. PENSION LIABILITY (ASSET) SENSITIVITY**

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

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

**J. PENSION PLAN FIDUCIARY NET POSITION**

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



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

For the year ended December 31, 2020, the City recognized pension expense of (\$22,653). The City also recognized \$137,585 for the year ended December 31, 2020, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual economic investment earnings	\$ -	\$134,042
Liability gains	60,512	26,287
Assumption changes	58,931	3,260
Total	<u>\$119,443</u>	<u>\$163,589</u>

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

Year Ended December 31,	Expense Amount
2021	(\$34,905)
2022	1,391
2023	(54,755)
2024	(499)
2025	15,056
Thereafter	29,566

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

**A. PLAN DESCRIPTION**

In addition to providing the pension benefits described in Note 8 and 9, the City provides post employment health care benefits, as defined in paragraph B, through The Operating Engineers Local #49 Health and Welfare Fund (the plan). The plan is a multi-employer defined benefit OPEB plan administered by a plan administrator selected by the plan. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**B. BENEFITS PROVIDED**

Clerical and Public Works Employees

Clerical and public works employees who retire at age 55 or older with 10 or more years of service may continue medical coverage in the Operating Engineer Local #49 Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is

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required to allow retirees to continue participation in the plan until age 65. The City is required to pay \$100 per month and the retiree is required to pay the remaining portion of the premium cost. The premium is a blended rate premium determined on the entire active and retired population. Since the projected claims costs for the retirees exceed the premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit).

**Police and Sergeants**

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

**Exempt and Library Employees**

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

**C. PARTICIPANTS**

At December 31, 2020, the following employees were covered by the benefit terms:

Active employees electing coverage	46
Retirees electing coverage	1
Spouses electing coverage	1
Total	<u>48</u>

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**D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY**

The City's total OPEB liability of \$21,193 was measured as of January 1, 2020, and was determined by an actuarial valuation dated January 1, 2019. Changes in the total OPEB liability during 2020 were:

Balance - beginning of year	\$28,220
Changes for the year:	
Service cost	1,937
Interest cost	935
Plan changes	-
Differences between expected and actual experience	-
Changes in assumptions	1,317
Benefit payments	(11,216)
Net changes	(7,027)
Balance - end of year	<u>\$21,193</u>

There were no plan changes since the measurement date of January 1, 2020.

**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	2.90%
20-year municipal bond yield	2.90%
Medical cost trend rates	6.25% in 2019 grading to 5% over 6 years

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, 2020 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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

- The mortality tables were updated from the RP-2014 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.



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- The discount rate was changed from 3.80% to 2.90%.
- These changes increased the liability \$1,317.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.90%) or 1% higher (3.90%) than the current discount rate:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$23,050	\$21,193	\$19,456

**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 (2.30%)	Discount Rate (3.30%)	1% Increase (4.30%)
Total OPEB liability	\$21,193	\$21,193	\$21,193

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

For the year ended December 31, 2020, the City recognized \$987 of OPEB expense. At December 31, 2020 the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$9,153
Changes in Assumptions	1,327	1,544
Contributions made after the measurement date	\$1,327	\$10,697
Total		

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized on OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2021	(\$1,885)
2022	(1,885)
2023	(1,887)
2024	(1,952)
2025	(1,944)
Thereafter	183
	<u>(\$9,370)</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-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.



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The current year abatement (TIF note payments) amounted to \$26,232. At December 31, 2020, 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 \$15,093. At December 31, 2020, the principal amount outstanding on the note was \$389,300.

**TIF District #1-8, Lakewood Heights:**

Issued in 2013 (2013A) in the principal sum of \$350,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. Principal and interest payments will be completed February 1, 2039. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2039. The current year abatement (TIF note payments) amounted to \$31,896. At December 31, 2020, the principal amount outstanding on the note was \$214,029.

**TIF District #1-10, River Hills Apartments:**

Issued in 2017 (2016A) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2017 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,421. At December 31, 2020, the principal amount outstanding on the note was \$242,479.

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 208 and 2020 (TIF note payments) amounted to \$28,795. At December 31, 2020, the principal amount outstanding on the note was \$259,785.



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**1<sup>st</sup> 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 \$45,408. At December 31, 2020, the principal amount outstanding on the note was \$137,046.

**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.

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**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, 2020, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

**Note 14 OTHER DEFERRED DEBITS AND CREDITS**

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

On the statement of net position, the Commission reports \$645,588 of non-utility property. This amount consists of deferred debits relating to the 2011 Landfill Phase 8.

Bond issuance costs are recovered through rates over the life of the debt. The commission has elected to create a regulatory asset for this cost and amortize it over the life of the debt using the effective interest rate method. The unamortized balance at December 31, 2020 and 2019 is \$99,663 and \$117,608.

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**Note 15 FUND BALANCE**

**A. CLASSIFICATIONS**

Definitions of fund balance classifications are included in Note 1P. At December 31, 2020, a summary of the governmental fund balance classifications are as follows:

	General Fund	Capital Equipment Replacement	2020 Infrastructure Bonds	2021 Infrastructure Bonds	Other Governmental Funds	Total
Nonspendable:						
Prepaid items	\$151,041	\$ -	\$ -	\$ -	\$52,941	\$203,982
Interfund loans receivable	1,320,035	-	-	-	-	1,320,035
Restricted:						
Debt service	-	-	-	-	6,653,026	6,653,026
Law enforcement	-	-	-	-	77,229	77,229
Other purposes	35,950	-	-	-	62,499	98,449
Committed:						
Revenue stabilization	925,572	-	-	-	-	925,572
Public library	-	-	-	-	600,324	600,324
Central school	-	-	-	-	74,992	74,992
Airport operations	-	-	-	-	62,418	62,418
Cemetery	-	-	-	-	105,264	105,264
Domestic animal control facility	-	-	-	-	10,739	10,739
Assigned:						
Capital purposes	-	-	243,692	421,718	1,146,364	1,811,774
Unassigned	4,909,111	(573,295)	-	-	(371,634)	3,964,182
Total	\$7,341,709	(\$573,295)	\$243,692	\$421,718	\$8,474,162	\$15,907,986

**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

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

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

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

At December 31, 2020, the unassigned fund balance of the General Fund was \$4,909,111, compared to its targeted unassigned fund balance of \$6,038,082 based on the above policy.



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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**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, 2020 is as follows:

Revenue stabilization at December 31, 2018	\$713,901
2019 replenishment	<u>103,335</u>
Revenue stabilization at December 31, 2019	817,236
2020 replenishment	<u>108,336</u>
Revenue stabilization at December 31, 2020	<u>\$925,572</u>

**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 2020 and 2019 were 30,004 and 29,488 kW, respectively.

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

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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**B. CONSTRUCTION COMMITMENTS**

The primary government has two active construction projects as of December 31, 2020. The remaining commitment on these projects totaled \$8,001,896.

The Public Utilities Commission has several active construction projects as of December 31, 2020. The remaining commitment on these projects is \$242,352.

**C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

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

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

Closure cost estimate	\$1,626,494
Post-closure care cost estimate	1,395,580
Contingency action	618,151
Total	<u>\$3,640,225</u>

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

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

On December 14, 2020 and December 12, 2019, Blandin Paper Company established an irrevocable letter of credit for \$3,640,225 and \$3,808,578 with Nordea Bank on behalf of the Public Utilities Commission. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

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



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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**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, 2020, there were three bond issues outstanding, with an estimated aggregate principal amount payable of \$3,375,947.

**Note 19 OPERATING LEASE**

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

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



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

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**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 2020 was \$873,357.

**Note 21 DEFICIT FUND BALANCES**

At December 31, 2020, individual funds with deficit fund balances are as follows:

Special Revenue Funds:	
IRA Civic Center	(\$133,681)
Capital Project Funds:	
IRA Civic Center Projects	(52,947)
Capital Equipment Replacement	(573,295)
2022 Infrastructure Bonds	(182,142)

**Note 22 MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL**

The Public Utilities Commission has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses the Commission for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,591,588 and \$3,485,898 for 2020 and 2019, respectively. GRPUC also has contracts with UPM Blandin whereby UPM Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009A, 2009E, 2011A, and 2013C, along with the loader and truck leases, as discussed in Note 6. For ratemaking purposes the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by UPM Blandin for 2020 and 2019 were \$2,800,010 and, \$2,458,590 respectively.

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**Note 23 RECENTLY ISSUED ACCOUNTING STANDARDS**

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

**Statement No. 87 *Leases*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

**Statement No. 93 *Replacement of Interbank Offered Rates*.** The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

**Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 96 *Subscription – Based Information Technology Arrangements*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020  
With Comparative Actual Amounts For The Year Ended December 31, 2019

**Statement 11**  
**Page 1 of 4**

	2020				2019
	Budgeted Amounts		Actual	Actual	2019
	Original	Final	Amounts	Over (Under) Final Budget	Actual Amounts
Revenues:					
Taxes:					
General property taxes	\$4,695,953	\$4,695,953	\$4,719,439	\$23,486	\$4,642,474
Payment in lieu of taxes:					
Housing Authorities	45,000	45,000	43,762	(1,238)	45,682
Public utilities	868,000	868,000	868,000	-	868,000
Total taxes	5,608,953	5,608,953	5,631,201	22,248	5,556,156
Licenses and permits:					
Business	38,395	38,395	34,734	(3,661)	44,026
Nonbusiness	252,927	252,927	415,954	163,027	455,921
Total licenses and permits	291,322	291,322	450,688	159,366	499,947
Intergovernmental:					
Federal:					
Public safety grants	30,000	30,000	951,993	921,993	28,347
State:					
Local government aid	1,609,044	1,609,044	1,615,919	6,875	1,432,525
Market value homestead credit	-	-	802	802	303
Taconite supplemental aid	235,811	235,811	235,811	-	233,735
Taconite credit - mobile homes	-	-	2,161	2,161	2,054
Municipal state aid street maintenance	186,200	186,200	186,200	-	186,200
Police aid	152,000	152,000	179,570	27,570	174,031
Fire aid	126,000	126,000	137,585	11,585	133,658
Police training aid	18,000	18,000	18,818	818	19,884
PERA aid	11,695	11,695	5,848	(5,847)	11,695
State - miscellaneous	2,500	2,500	304,091	301,591	24,276
US Gas Tax Refund	500	500	-	(500)	706
Local:					
School District #318	133,703	133,703	107,167	(26,536)	129,794
Total intergovernmental	2,505,453	2,505,453	3,745,965	1,240,512	2,377,208
Charges for services:					
General government	124,619	124,619	189,891	65,272	175,084
Public safety	676,651	676,651	691,088	14,437	605,069
Public works	188,784	188,784	209,139	20,355	219,784
Total charges for services	990,054	990,054	1,090,118	100,064	999,937
Fines and forfeits	62,132	62,132	54,331	(7,801)	57,981
Special assessments	-	-	16,813	16,813	13,622
Investment income	39,500	39,500	47,889	8,389	80,846
Miscellaneous:					
Donations/contributions	11,250	11,250	600	(10,650)	22,225
Rentals and leases	3,007	3,007	3,027	20	3,148
Other	19,303	19,303	9,027	(10,276)	22,512
Total miscellaneous	33,560	33,560	12,654	(20,906)	47,885
Total revenues	9,530,974	9,530,974	11,049,659	1,518,685	9,633,582

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, 2020  
With Comparative Actual Amounts For The Year Ended December 31, 2019

**Statement 11**  
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	2020				
	Budgeted Amounts		Actual	Actual	2019
	Original	Final	Amounts	Over (Under) Final Budget	Actual Amounts
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personnel services	\$45,294	\$45,294	\$45,261	(\$33)	\$45,256
Materials and supplies	150	150	24	(126)	169
Other services and charges	49,050	49,050	44,514	(4,536)	55,712
Total mayor and city council	94,494	94,494	89,799	(4,695)	101,137
Administration:					
Current:					
Personnel services	542,420	542,420	545,447	3,027	495,806
Materials and supplies	4,150	4,150	1,627	(2,523)	1,311
Other services and charges	83,126	83,126	67,237	(15,889)	55,476
Total administration	629,696	629,696	614,311	(15,385)	552,593
Finance:					
Current:					
Personnel services	500,110	500,110	506,839	6,729	478,670
Materials and supplies	4,200	4,200	3,661	(539)	2,463
Other services and charges	52,500	52,500	45,035	(7,465)	53,616
Total finance	556,810	556,810	555,535	(1,275)	534,749
Information technology:					
Current:					
Personnel services	212,832	212,832	217,256	4,424	206,686
Materials and supplies	16,150	16,150	6,103	(10,047)	13,880
Other services and charges	54,650	54,650	47,201	(7,449)	35,125
Capital outlay	-	-	-	-	7,995
Total information technology	283,632	283,632	270,560	(13,072)	263,686
Community development:					
Current:					
Personnel services	558,853	558,853	476,759	(82,094)	486,127
Materials and supplies	6,000	6,000	6,237	237	3,447
Other charges and services	40,200	40,200	32,686	(7,514)	33,502
Capital outlay	-	-	10,736	10,736	29,879
Total community development	605,053	605,053	526,418	(78,635)	552,955
Building maintenance - city hall:					
Current:					
Personnel services	136,260	136,260	155,243	18,983	128,841
Materials and supplies	12,300	12,300	11,264	(1,036)	14,001
Other charges and services	82,050	82,050	75,773	(6,277)	63,546
Capital outlay	-	-	-	-	28,472
Total building maintenance - city hall	230,610	230,610	242,280	11,670	234,860
Total general government	2,400,295	2,400,295	2,298,903	(101,392)	2,239,980

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, 2020  
With Comparative Actual Amounts For The Year Ended December 31, 2019

**Statement 11**  
**Page 3 of 4**

	2020				2019
	Budgeted Amounts		Actual	Actual	Actual
	Original	Final	Amounts	Over (Under) Final Budget	Amounts
Expenditures: (continued)					
Public safety:					
Police protection:					
Current:					
Personnel services	\$2,818,433	\$2,818,433	\$2,792,218	(\$26,215)	\$2,758,343
Materials and supplies	122,737	122,737	94,386	(28,351)	114,829
Other charges and services	239,440	239,440	193,440	(46,000)	217,537
Capital outlay	-	-	28,118	28,118	-
Total police protection	3,180,610	3,180,610	3,108,162	(72,448)	3,090,709
Fire protection:					
Current:					
Personnel services	497,315	497,315	502,047	4,732	410,454
Materials and supplies	55,600	55,600	45,296	(10,304)	42,873
Other charges and services	109,050	109,050	87,230	(21,820)	112,731
Capital outlay	-	-	-	-	-
Total fire protection	661,965	661,965	634,573	(27,392)	566,058
Total public safety	3,842,575	3,842,575	3,742,735	(99,840)	3,656,767
Public works:					
Public works:					
Current:					
Personnel services	1,218,878	1,218,878	1,323,395	104,517	1,208,279
Materials and supplies	225,300	225,300	271,901	46,601	234,795
Other services and charges	447,600	447,600	443,564	(4,036)	503,810
Street lighting	240,000	240,000	173,064	(66,936)	205,600
Capital outlay	-	-	19,654	19,654	-
Total public works	2,131,778	2,131,778	2,231,578	99,800	2,152,484
Fleet maintenance:					
Current:					
Personnel services	199,097	199,097	205,599	6,502	199,090
Materials and supplies	25,800	25,800	14,146	(11,654)	22,061
Other services and charges	43,700	43,700	25,841	(17,859)	27,417
Total fleet maintenance	268,597	268,597	245,586	(23,011)	248,568
Total public works	2,400,375	2,400,375	2,477,164	76,789	2,401,052

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, 2020  
With Comparative Actual Amounts For The Year Ended December 31, 2019

**Statement 11**  
**Page 4 of 4**

	2020				
	Budgeted Amounts		Actual	Actual	2019
	Original	Final	Amounts	Over (Under) Final Budget	Actual Amounts
Expenditures: (continued)					
Culture and recreation:					
Current:					
Personnel services	\$81,245	\$81,245	\$75,929	(\$5,316)	\$75,167
Materials and supplies	4,000	4,000	303	(3,697)	448
Other services and charges	9,700	9,700	6,477	(3,223)	4,857
Capital outlay	-	-	37,118	37,118	700
Total culture and recreation	94,945	94,945	119,827	24,882	81,172
Miscellaneous:					
City-wide:					
Current:					
Other services and charges	217,025	217,025	1,139,681	922,656	264,403
Capital outlay	-	-	159,539	159,539	-
Special projects:					
Current:					
Other services and charges	123,369	123,369	74,415	(48,954)	68,161
Total miscellaneous	340,394	340,394	1,373,635	1,033,241	332,564
Total expenditures	9,078,584	9,078,584	10,012,264	933,680	8,711,535
Revenues over (under) expenditures	452,390	452,390	1,037,395	585,005	922,047
Other financing sources (uses):					
Sale of capital assets	-	-	181,765	181,765	10,767
Insurance recoveries	-	-	19,356	19,356	16,883
Transfers in	3,500	3,500	-	(3,500)	5,885
Transfers out	(368,390)	(368,390)	(517,616)	(149,226)	(553,786)
Total other financing sources (uses)	(364,890)	(364,890)	(316,495)	48,395	(520,251)
Net change in fund balance	\$87,500	\$87,500	720,900	\$633,400	401,796
Fund balance - January 1			6,620,809		6,219,013
Fund balance - December 31			\$7,341,709		\$6,620,809

**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.

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For The Year Ended December 31, 2020

**Statement 12**

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 1,937	\$ 1,645	\$ 1,556
Interest cost	935	1,648	16,116
Plan changes	-	-	(402,538)
Differences between expected and actual experience	-	(12,815)	-
Changes in assumptions	1,317	(2,164)	400
Benefit payments	(11,216)	(16,670)	(35,410)
Net change in total OPEB liability	(7,027)	(28,356)	(419,876)
Total OPEB liability - beginning	28,220	56,576	476,452
Total OPEB liability - ending	<u>\$ 21,193</u>	<u>\$ 28,220</u>	<u>\$ 56,576</u>
Covered-employee payroll	\$2,761,631	\$2,681,195	\$5,049,054
Total OPEB liability as a percentage of covered-employee payroll	0.8%	1.1%	1.1%

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

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY<sup>(1)</sup> -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Year Ended December 31, 2020**

Statement 13

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0522%	\$2,705,275	\$ -	\$2,705,275	\$2,975,003	90.9%	78.2%
2016	2016	0.0515%	4,181,545	54,641	4,236,186	3,160,670	134.0%	68.9%
2017	2017	0.0522%	3,332,414	41,879	3,374,293	3,354,712	100.6%	75.9%
2018	2018	0.0525%	2,912,485	95,496	3,007,981	3,526,752	85.3%	79.5%
2019	2019	0.0509%	2,814,147	87,496	2,901,643	3,593,322	80.8%	80.2%
2020	2020	0.5240%	3,141,619	97,027	3,238,646	3,739,709	86.6%	79.1%

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<sup>(1)</sup> -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Year Ended December 31, 2020**

**Statement 14**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u>
December 31, 2015	\$233,723	\$233,723	\$ -	\$3,114,384	7.50%
December 31, 2016	243,845	243,845	-	3,251,272	7.50%
December 31, 2017	257,796	257,796	-	3,437,287	7.50%
December 31, 2018	266,730	266,730	-	3,556,404	7.50%
December 31, 2019	276,142	276,142	-	3,681,888	7.50%
December 31, 2020	291,122	291,122	-	3,881,626	7.50%

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

**Statement 15**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY<sup>(1)</sup> -

PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Year Ended December 31, 2020

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%
June 30, 2020	December 31, 2020	0.1315%	1,733,311	1,483,509	116.8%	87.2%

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.

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS<sup>(1)</sup> -**  
**PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Year Ended December 31, 2020**

**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%
December 31, 2020	279,224	279,224	-	1,577,536	17.70%

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

See accompanying notes to the required supplementary information.



CITY OF GRAND RAPIDS, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION

Statement 17

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS<sup>(1)</sup>  
GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION  
For The Year Ended December 31, 2020

Fiscal year ending	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Measurement date	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total pension liability:					
Service cost	\$75,628	\$73,783	\$71,473	\$63,391	\$72,757
Interest cost	88,668	79,734	81,962	72,102	68,376
Plan changes	-	-	-	99,530	-
Loss	-	-	(21,899)	-	-
Differences between expected and actual experience	69,157	-	-	-	(40,925)
Changes of assumptions	46,936	-	26,796	-	(11,420)
Benefit payments, including refunds of employee contributions	-	-	(170,700)	-	(130,773)
Net change in total pension liability	280,389	153,517	(12,368)	235,023	(41,985)
Total pension liability - beginning	1,466,417	1,312,900	1,325,268	1,090,245	1,132,230
Total pension liability - ending (a)	<u>\$1,746,806</u>	<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	\$5,000
Contributions - State of Minnesota	137,585	131,658	131,511	128,622	130,759
Contributions - employee	-	-	-	-	-
Net investment income	242,051	133,639	153,082	312,604	138,089
Benefit payments, including refunds of employee contributions	-	-	(170,700)	-	(130,773)
Administrative expense	(12,022)	(11,439)	(11,317)	(11,676)	(10,672)
Gain or Loss	-	271,292	(318,100)	-	-
Net change in plan fiduciary net position	372,614	530,150	(210,524)	434,550	132,403
Plan fiduciary net position - beginning	2,791,699	2,261,549	2,472,073	2,037,523	1,905,120
Plan fiduciary net position - ending (b)	<u>\$3,164,313</u>	<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>(\$1,417,507)</u>	<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	181.15%	190.38%	172.26%	186.53%	186.89%
Covered-employee payroll	(2)	(2)	(2)	(2)	(2)
Net pension liability as a percentage of covered employee payroll	(2)	(2)	(2)	(2)	(2)

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

See accompanying notes to the required supplementary information.

**CITY OF GRAND RAPIDS, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 18****SCHEDULE OF CONTRIBUTIONS<sup>(1)</sup>-****GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION**

For The Year Ended December 31, 2020

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u>
December 31, 2015	\$ -	\$5,000	(\$5,000)	(2)	(2)
December 31, 2016	-	5,000	(5,000)	(2)	(2)
December 31, 2017	-	5,000	(5,000)	(2)	(2)
December 30, 2018	-	5,000	(5,000)	(2)	(2)
December 31, 2019	-	5,000	(5,000)	(2)	(2)
December 31, 2020	-	5,000	(5,000)	(2)	(2)

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.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2020

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**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**

*2020 Changes*

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

*2019 Changes*

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

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

*2018 Changes*

Changes in Actuarial Assumptions:

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



**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2020

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*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**

*2020 Changes*

Changes in Actuarial Assumptions:

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

*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 CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2020

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

**Single Employer – Fire Relief Association**

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

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

**CITY OF GRAND RAPIDS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2020

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**C. OPEB INFORMATION**

*2020 Changes*

**Assumption Changes:**

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

*2019 Changes*

**Assumption Changes:**

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



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

**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, 2020

With Comparative Totals For December 31, 2019

Statement 19

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2020	2019
<b>Assets</b>					
Cash and investments	\$957,174	\$6,742,722	\$1,166,077	\$8,865,973	\$8,582,716
Due from other governmental units	86,832	-	396,576	483,408	240,557
Due from component units	-	-	51,307	51,307	147,008
Accounts receivable	72,110	-	15,000	87,110	137,208
Prepaid items	30,941	-	22,000	52,941	35,694
Taxes receivable - delinquent	30,523	-	-	30,523	26,925
Pledges receivable	-	-	42,510	42,510	92,473
Special assessments receivable	-	2,605,399	111,707	2,717,106	2,893,719
<b>Total assets</b>	<b>\$1,177,580</b>	<b>\$9,348,121</b>	<b>\$1,805,177</b>	<b>\$12,330,878</b>	<b>\$12,156,300</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$51,283	\$89,696	\$403,595	\$544,574	\$214,193
Accrued wages payable	11,910	-	-	11,910	53,810
Due to other governmental units	5,393	-	221,241	226,634	6,045
Due to component units	13,987	-	-	13,987	24,642
Contracts payable	-	-	-	-	-
Due to other funds	12,863	-	92,849	105,712	497,797
Deposits payable	9,231	-	-	9,231	12,987
Interfund loan payable	66,401	-	-	66,401	80,669
Unearned revenue	88,128	-	-	88,128	14,928
<b>Total liabilities</b>	<b>259,196</b>	<b>89,696</b>	<b>717,685</b>	<b>1,066,577</b>	<b>905,071</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	30,523	2,605,399	154,217	2,790,139	3,013,117
<b>Total deferred inflows of resources</b>	<b>30,523</b>	<b>2,605,399</b>	<b>154,217</b>	<b>2,790,139</b>	<b>3,013,117</b>
<b>Fund balance:</b>					
Nonspendable	30,941	-	22,000	52,941	35,694
Restricted	139,728	6,653,026	-	6,792,754	7,108,403
Committed	853,737	-	-	853,737	780,416
Assigned	-	-	1,146,364	1,146,364	850,356
Unassigned	(136,545)	-	(235,089)	(371,634)	(536,757)
<b>Total fund balance</b>	<b>887,861</b>	<b>6,653,026</b>	<b>933,275</b>	<b>8,474,162</b>	<b>8,238,112</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$1,177,580</b>	<b>\$9,348,121</b>	<b>\$1,805,177</b>	<b>\$12,330,878</b>	<b>\$12,156,300</b>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

**Statement 20**

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2020	2019
Revenues:					
Taxes:					
General property	\$852,988	\$1,592,447	\$ -	\$2,445,435	\$2,409,508
Tax abatements	-	62,717	-	62,717	64,154
Tax increments	-	228,759	-	228,759	256,676
Intergovernmental	220,703	519,337	1,072,138	1,812,178	1,725,103
Special assessments	-	400,935	14,726	415,661	501,355
Charges for services	977,614	-	-	977,614	1,163,259
Fines and forfeits	38,076	-	-	38,076	54,572
Investment income	9,707	62,792	9,264	81,763	109,874
Contributions and donations	12,898	-	101,824	114,722	112,734
Reimbursement from component unit	-	-	-	-	84,020
Other grants	-	-	142,000	142,000	-
Other	1,973	-	400	2,373	8,093
Total revenues	<u>2,113,959</u>	<u>2,866,987</u>	<u>1,340,352</u>	<u>6,321,298</u>	<u>6,489,348</u>
Expenditures:					
Current:					
General government	-	203,139	465,203	668,342	219,346
Public safety	132,756	-	-	132,756	141,837
Public works	516,190	-	11,160	527,350	463,383
Culture and recreation	1,441,129	-	1,220	1,442,349	1,788,941
Capital outlay/construction	44,030	-	1,670,500	1,714,530	2,311,563
Debt service:					
Principal retirement	-	2,480,000	-	2,480,000	2,480,000
Interest	-	613,237	-	613,237	629,512
Paying agent fees	-	6,850	-	6,850	6,350
Decertify TIF districts	-	-	-	-	95,693
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>2,134,105</u>	<u>3,303,226</u>	<u>2,148,083</u>	<u>7,585,414</u>	<u>8,136,625</u>
Revenues over (under) expenditures	<u>(20,146)</u>	<u>(436,239)</u>	<u>(807,731)</u>	<u>(1,264,116)</u>	<u>(1,647,277)</u>
Other financing sources (uses):					
Bond issuances	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	4,000	-	-	4,000	194,359
Insurance recoveries	-	-	186,932	186,932	2,244
Transfers in	110,280	150,000	182,496	442,776	434,056
Transfers out	-	(5,130)	(207,945)	(213,075)	(255,239)
Total other financing sources (uses)	<u>114,280</u>	<u>144,870</u>	<u>161,483</u>	<u>420,633</u>	<u>375,420</u>
Net change in fund balance	94,134	(291,369)	(646,248)	(843,483)	(1,271,857)
Fund balance - January 1	<u>793,727</u>	<u>6,944,395</u>	<u>1,579,523</u>	<u>9,317,645</u>	<u>9,509,969</u>
Fund balance - December 31	<u>\$887,861</u>	<u>\$6,653,026</u>	<u>\$933,275</u>	<u>\$8,474,162</u>	<u>\$8,238,112</u>

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

Prior year ending fund balance reported	\$8,238,112
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
481 2020 Infrastructure Bonds	240,736
482 2021 Infrastructure Bonds	11,341
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
401 General Capital Improvement Projects	100,359
480 2019 Infrastructure Bonds	727,097
Current year beginning fund balance	<u>\$9,317,645</u>

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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, 2020  
With Comparative Totals For December 31, 2019

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
<b>Assets</b>				
Cash and investments	\$536,953	\$89,464	\$125,897	\$10,682
Due from other governmental units	36,405	-	27,371	-
Accounts receivable	62,128	2,564	2,637	4,281
Prepaid items	16,588	1,682	3,909	2,864
Taxes receivable - delinquent	23,895	-	-	-
<b>Total assets</b>	<b>\$675,969</b>	<b>\$93,710</b>	<b>\$159,814</b>	<b>\$17,827</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$14,941	\$10,827	\$16,806	\$7,282
Accrued wages payable	6,623	-	1,208	1,540
Due to other governmental units	1,809	-	102	83
Due to component units	2,089	1,288	1,412	8,275
Due to other funds	9,700	-	-	-
Deposits payable	-	4,921	4,310	-
Interfund loan payable	-	-	-	66,401
Unearned revenue	-	-	7,150	67,927
<b>Total liabilities</b>	<b>35,162</b>	<b>17,036</b>	<b>30,988</b>	<b>151,508</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	23,895	-	-	-
<b>Total deferred inflows of resources</b>	<b>23,895</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance (deficit):</b>				
Nonspendable	16,588	1,682	3,909	2,864
Restricted	-	-	62,499	-
Committed	600,324	74,992	62,418	-
Unassigned	-	-	-	(136,545)
<b>Total fund balance (deficit)</b>	<b>616,912</b>	<b>76,674</b>	<b>128,826</b>	<b>(133,681)</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$675,969</b>	<b>\$93,710</b>	<b>\$159,814</b>	<b>\$17,827</b>

## Statement 21

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2020	2019
\$ -	\$83,636	\$107,542	\$3,000	\$957,174	\$919,737
8,000	5,235	321	9,500	86,832	67,808
-	-	500	-	72,110	137,208
-	-	5,133	765	30,941	31,073
-	-	6,628	-	30,523	26,925
<u>\$8,000</u>	<u>\$88,871</u>	<u>\$120,124</u>	<u>\$13,265</u>	<u>\$1,177,580</u>	<u>\$1,182,751</u>
\$298	\$ -	\$511	\$618	\$51,283	\$77,290
212	-	1,824	503	11,910	53,810
3,318	-	45	36	5,393	6,016
-	-	319	604	13,987	24,642
3,163	-	-	-	12,863	91,757
-	-	-	-	9,231	12,987
-	-	-	-	66,401	80,669
-	12,651	400	-	88,128	14,928
<u>6,991</u>	<u>12,651</u>	<u>3,099</u>	<u>1,761</u>	<u>259,196</u>	<u>362,099</u>
-	-	6,628	-	30,523	26,925
<u>0</u>	<u>0</u>	<u>6,628</u>	<u>0</u>	<u>30,523</u>	<u>26,925</u>
-	-	5,133	765	30,941	31,073
1,009	76,220	-	-	139,728	164,008
-	-	105,264	10,739	853,737	780,416
-	-	-	-	(136,545)	(181,770)
<u>1,009</u>	<u>76,220</u>	<u>110,397</u>	<u>11,504</u>	<u>887,861</u>	<u>793,727</u>
<u>\$8,000</u>	<u>\$88,871</u>	<u>\$120,124</u>	<u>\$13,265</u>	<u>\$1,177,580</u>	<u>\$1,182,751</u>



**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Revenues:				
General property taxes	\$663,785	\$ -	\$ -	\$ -
Intergovernmental	34,263	-	104,161	-
Charges for services	167,599	73,065	122,345	558,291
Fines and forfeits	2,270	-	-	-
Investment income	6,924	765	565	-
Contributions and donations	12,898	-	-	-
Other	-	349	-	-
Total revenues	<u>887,739</u>	<u>74,179</u>	<u>227,071</u>	<u>558,291</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	268,824	-
Culture and recreation	826,612	98,741	-	515,776
Capital outlay	<u>5,536</u>	<u>-</u>	<u>6,019</u>	<u>-</u>
Total expenditures	<u>832,148</u>	<u>98,741</u>	<u>274,843</u>	<u>515,776</u>
Revenues over (under) expenditures	<u>55,591</u>	<u>(24,562)</u>	<u>(47,772)</u>	<u>42,515</u>
Other financing sources (uses):				
Sale of capital assets	-	-	4,000	-
Insurance recoveries	-	-	-	-
Transfers in	<u>6,241</u>	<u>27,464</u>	<u>20,000</u>	<u>-</u>
Total other financing sources (uses)	<u>6,241</u>	<u>27,464</u>	<u>24,000</u>	<u>0</u>
Net change in fund balance	61,832	2,902	(23,772)	42,515
Fund balance (deficit) - January 1	<u>555,080</u>	<u>73,772</u>	<u>152,598</u>	<u>(176,196)</u>
Fund balance (deficit) - December 31	<u>\$616,912</u>	<u>\$76,674</u>	<u>\$128,826</u>	<u>(\$133,681)</u>

## Statement 22

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2020	2019
\$ -	\$ -	\$189,203	\$ -	\$852,988	\$851,969
59,560	10,136	9,583	3,000	220,703	206,754
-	-	56,314	-	977,614	1,163,259
-	525	-	35,281	38,076	54,572
-	805	648	-	9,707	15,796
-	-	-	-	12,898	41,814
-	-	1,624	-	1,973	6,991
59,560	11,466	257,372	38,281	2,113,959	2,341,155
59,560	11,696	-	61,500	132,756	141,837
-	-	247,366	-	516,190	451,410
-	-	-	-	1,441,129	1,762,517
-	-	32,475	-	44,030	41,661
59,560	11,696	279,841	61,500	2,134,105	2,397,425
0	(230)	(22,469)	(23,219)	(20,146)	(56,270)
-	-	-	-	4,000	5,859
-	-	-	-	-	2,244
-	-	32,475	24,100	110,280	89,907
0	0	32,475	24,100	114,280	98,010
0	(230)	10,006	881	94,134	41,740
1,009	76,450	100,391	10,623	793,727	751,987
\$1,009	\$76,220	\$110,397	\$11,504	\$887,861	\$793,727

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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, 2020  
With Comparative Totals For December 31, 2019

	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	310 GO Street Reconstruction Bonds of 2020A
<b>Assets</b>				
Cash and investments	\$865,624	\$358,273	\$385,491	\$44,149
Special assessments:				
Delinquent	26,975	273	-	-
Deferred	95,392	142,609	-	150,393
Special deferred	130,038	-	679,177	-
<b>Total assets</b>	<b>\$1,118,029</b>	<b>\$501,155</b>	<b>\$1,064,668</b>	<b>\$194,542</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$450	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	252,405	142,882	679,177	150,393
<b>Total deferred inflows of resources</b>	<b>252,405</b>	<b>142,882</b>	<b>679,177</b>	<b>150,393</b>
<b>Fund balance:</b>				
Restricted	865,174	358,273	385,491	44,149
<b>Total fund balance</b>	<b>865,174</b>	<b>358,273</b>	<b>385,491</b>	<b>44,149</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$1,118,029</b>	<b>\$501,155</b>	<b>\$1,064,668</b>	<b>\$194,542</b>

354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$12,806	\$704,802	\$144,981	\$296,957	\$770,330	\$3,018
-	2,899	-	410	3,119	-
-	169,507	27,576	126,739	154,070	-
-	-	-	-	5,152	-
<u>\$12,806</u>	<u>\$877,208</u>	<u>\$172,557</u>	<u>\$424,106</u>	<u>\$932,671</u>	<u>\$3,018</u>
\$ -	\$ -	\$1,271	\$ -	\$ -	\$ -
0	0	1,271	0	0	0
-	172,406	27,576	127,149	162,341	-
0	172,406	27,576	127,149	162,341	0
12,806	704,802	143,710	296,957	770,330	3,018
12,806	704,802	143,710	296,957	770,330	3,018
<u>\$12,806</u>	<u>\$877,208</u>	<u>\$172,557</u>	<u>\$424,106</u>	<u>\$932,671</u>	<u>\$3,018</u>



**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

	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
<b>Assets</b>							
Cash and investments	\$391,229	\$929,607	\$372,092	\$311,942	\$398,363	\$48,099	\$40,689
Special assessments:							
Delinquent	4,726	7,542	13	788	402	-	-
Deferred	3,278	185,877	75,685	149,510	154,959	-	-
Special deferred	303,823	1,175	-	-	3,292	-	-
<b>Total assets</b>	<b>\$703,056</b>	<b>\$1,124,201</b>	<b>\$447,790</b>	<b>\$462,240</b>	<b>\$557,016</b>	<b>\$48,099</b>	<b>\$40,689</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$22,704	\$15,948
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,704</b>	<b>15,948</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	311,827	194,594	75,698	150,298	158,653	-	-
<b>Total deferred inflows of resources</b>	<b>311,827</b>	<b>194,594</b>	<b>75,698</b>	<b>150,298</b>	<b>158,653</b>	<b>0</b>	<b>0</b>
<b>Fund balance:</b>							
Restricted	391,229	929,607	372,092	311,942	398,363	25,395	24,741
<b>Total fund balance</b>	<b>391,229</b>	<b>929,607</b>	<b>372,092</b>	<b>311,942</b>	<b>398,363</b>	<b>25,395</b>	<b>24,741</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$703,056</b>	<b>\$1,124,201</b>	<b>\$447,790</b>	<b>\$462,240</b>	<b>\$557,016</b>	<b>\$48,099</b>	<b>\$40,689</b>

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	
					2020	2019
\$89,917	\$24,465	\$29,896	\$470,892	\$49,100	\$6,742,722	\$7,042,614
-	-	-	-	-	47,147	58,149
-	-	-	-	-	1,435,595	1,589,560
-	-	-	-	-	1,122,657	1,122,657
<u>\$89,917</u>	<u>\$24,465</u>	<u>\$29,896</u>	<u>\$470,892</u>	<u>\$49,100</u>	<u>\$9,348,121</u>	<u>\$9,812,980</u>
\$ -	\$7,546	\$13,668	\$ -	\$28,109	\$89,696	\$98,219
0	7,546	13,668	0	28,109	89,696	98,219
-	-	-	-	-	2,605,399	2,770,366
0	0	0	0	0	2,605,399	2,770,366
89,917	16,919	16,228	470,892	20,991	6,653,026	6,944,395
89,917	16,919	16,228	470,892	20,991	6,653,026	6,944,395
<u>\$89,917</u>	<u>\$24,465</u>	<u>\$29,896</u>	<u>\$470,892</u>	<u>\$49,100</u>	<u>\$9,348,121</u>	<u>\$9,812,980</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, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	301 Debt Service Reserve	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	310 GO Street Reconstruction Bonds of 2020A
Revenues:					
Taxes:					
General property	\$ -	\$213,202	\$134,346	\$124,855	\$ -
Tax abatement	-	-	-	-	-
Tax increments	-	-	-	-	-
Intergovernmental:					
State:					
Supplemental aid	-	10,845	6,834	6,351	-
MSA	-	-	-	-	-
IRRRB grant	-	-	-	-	-
Federal BAB credit	-	-	-	-	-
Special assessments	-	66,409	18,622	-	44,041
Investment income	37	8,214	3,194	3,640	108
Total revenues	37	298,670	162,996	134,846	44,149
Expenditures:					
General government:					
Current:					
Contractual services	-	2,709	211	212	-
Developer assistance	-	-	-	-	-
Decertify TIF districts	-	-	-	-	-
Debt service:					
Principal retirement	-	440,000	90,000	-	-
Interest	-	46,650	58,588	36,249	-
Paying agent fees	-	450	500	500	-
Bond issuance costs	-	-	-	-	-
Total expenditures	0	489,809	149,299	36,961	0
Revenues over (under) expenditures	37	(191,139)	13,697	97,885	44,149
Other financing sources (uses):					
Transfer in	-	-	-	-	-
Transfer out	(5,130)	-	-	-	-
Total other financing sources (uses)	(5,130)	0	0	0	0
Net change in fund balance	(5,093)	(191,139)	13,697	97,885	44,149
Fund balance (deficit) - January 1	5,093	1,056,313	344,576	287,606	-
Fund balance (deficit) - December 31	\$0	\$865,174	\$358,273	\$385,491	\$44,149



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
\$ -	\$269,225	\$54,761	\$30,583	\$83,685	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	13,695	2,786	1,556	4,257	-
82,650	-	-	-	-	322,489
-	-	-	-	-	-
-	31,965	-	-	-	-
-	46,899	9,668	24,900	39,862	-
233	6,116	1,288	3,052	7,938	343
82,883	367,900	68,503	60,091	135,742	322,832
1,210	1,210	2,211	1,210	1,211	1,211
-	-	-	-	-	-
-	-	-	-	-	-
75,000	320,000	55,000	105,000	145,000	275,000
7,650	96,768	13,303	15,629	36,710	47,489
375	400	400	525	525	525
-	-	-	-	-	-
84,235	418,378	70,914	122,364	183,446	324,225
(1,352)	(50,478)	(2,411)	(62,273)	(47,704)	(1,393)
-	-	-	-	-	-
-	-	-	-	-	-
0	0	0	0	0	0
(1,352)	(50,478)	(2,411)	(62,273)	(47,704)	(1,393)
14,158	755,280	146,121	359,230	818,034	4,411
\$12,806	\$704,802	\$143,710	\$296,957	\$770,330	\$3,018

**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, 2020**  
**With Comparative Totals For The Year Ended December 31, 2019**

	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
<b>Revenues:</b>							
Taxes:							
General property	\$46,563	\$103,681	\$227,076	\$143,108	\$161,362	\$ -	\$ -
Tax abatement	17,309	-	-	-	-	45,408	-
Tax increments	-	-	-	-	-	-	35,440
Intergovernmental:							
State:							
Supplemental aid	2,369	5,274	11,551	7,280	8,208	-	-
MSA	-	-	-	-	-	-	-
IRRRB grant	-	-	-	-	-	-	-
Federal BAB credit	-	-	-	-	-	-	-
Special assessments	49,110	45,658	12,560	16,886	26,320	-	-
Investment income	3,774	8,918	2,838	2,614	3,479	329	297
Total revenues	<u>119,125</u>	<u>163,531</u>	<u>254,025</u>	<u>169,888</u>	<u>199,369</u>	<u>45,737</u>	<u>35,737</u>
<b>Expenditures:</b>							
General government:							
Current:							
Contractual services	5,211	1,211	1,212	3,961	3,960	-	308
Developer assistance	-	-	-	-	-	45,408	31,896
Decertify TIF districts	-	-	-	-	-	-	-
Debt service:							
Principal retirement	195,000	255,000	245,000	130,000	120,000	-	-
Interest	3,484	87,213	44,094	37,860	62,475	-	-
Paying agent fees	750	500	500	450	450	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	<u>204,445</u>	<u>343,924</u>	<u>290,806</u>	<u>172,271</u>	<u>186,885</u>	<u>45,408</u>	<u>32,204</u>
Revenues over (under) expenditures	<u>(85,320)</u>	<u>(180,393)</u>	<u>(36,781)</u>	<u>(2,383)</u>	<u>12,484</u>	<u>329</u>	<u>3,533</u>
<b>Other financing sources (uses):</b>							
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>(85,320)</u>	<u>(30,393)</u>	<u>(36,781)</u>	<u>(2,383)</u>	<u>12,484</u>	<u>329</u>	<u>3,533</u>
Fund balance (deficit) - January 1	<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>
Fund balance (deficit) - December 31	<u>\$391,229</u>	<u>\$929,607</u>	<u>\$372,092</u>	<u>\$311,942</u>	<u>\$398,363</u>	<u>\$25,395</u>	<u>\$24,741</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	Totals Nonmajor Debt Service Funds	
					2020	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$1,592,447	\$1,557,539
-	-	-	-	-	62,717	64,154
56,766	16,770	27,920	29,400	62,463	228,759	256,676
-	-	1,227	-	-	82,233	73,990
-	-	-	-	-	405,139	415,364
-	-	-	-	-	-	250,000
-	-	-	-	-	31,965	37,847
-	-	-	-	-	400,935	486,290
694	199	196	5,016	275	62,792	85,367
57,460	16,969	29,343	34,416	62,738	2,866,987	3,227,227
260	258	-	178	339	28,293	4,214
-	15,093	26,232	-	56,217	174,846	198,644
-	-	-	-	-	-	95,693
30,000	-	-	-	-	2,480,000	2,480,000
19,075	-	-	-	-	613,237	629,512
-	-	-	-	-	6,850	6,350
-	-	-	-	-	-	-
49,335	15,351	26,232	178	56,556	3,303,226	3,414,413
8,125	1,618	3,111	34,238	6,182	(436,239)	(187,186)
-	-	-	-	-	150,000	150,000
-	-	-	-	-	(5,130)	(71,296)
0	0	0	0	0	144,870	78,704
8,125	1,618	3,111	34,238	6,182	(291,369)	(108,482)
81,792	15,301	13,117	436,654	14,809	6,944,395	7,052,877
\$89,917	\$16,919	\$16,228	\$470,892	\$20,991	\$6,653,026	\$6,944,395



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### NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

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

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

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

**Statement 25**  
**Page 1 of 2**

	401 General Capital Improvement Projects	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
<b>Assets</b>				
Cash and investments	\$252,599	\$376,050	\$62,870	\$ -
Accounts Receivable	-	-	15,000	-
Due from other governmental units	228,385	-	-	168,191
Due from component units	-	-	-	-
Pledges receivable	-	-	-	-
Prepaid items	-	-	-	-
Special assessments receivable:				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Special deferred	-	-	-	-
<b>Total assets</b>	<b>\$480,984</b>	<b>\$376,050</b>	<b>\$77,870</b>	<b>\$168,191</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$228,385	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	32,402
Due to component units	-	-	-	-
Due to other governments	143,133	-	-	-
Unearned Revenue	-	-	-	-
<b>Total liabilities</b>	<b>371,518</b>	<b>0</b>	<b>0</b>	<b>32,402</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance (deficit):</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	109,466	376,050	77,870	135,789
Unassigned	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>109,466</b>	<b>376,050</b>	<b>77,870</b>	<b>135,789</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$480,984</b>	<b>\$376,050</b>	<b>\$77,870</b>	<b>\$168,191</b>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

	418 GR Arts and Culture Capital Project	429 IRA Civic Center Projects	480 2019 Infrastructure Bonds
<b>Assets</b>			
Cash and investments	\$45,255	\$ -	\$216,549
Accounts Receivable	-	-	-
Due from other governmental units	-	-	-
Due from component units	-	-	-
Pledges receivable	-	42,510	-
Prepaid items	22,000	-	-
Special assessments receivable:			
Delinquent	-	-	-
Deferred	-	-	-
Special deferred	-	-	-
<b>Total assets</b>	<b>\$67,255</b>	<b>\$42,510</b>	<b>\$216,549</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$568
Contracts payable	-	-	-
Due to other funds	-	52,947	-
Due to component units	-	-	-
Due to other governments	-	-	78,108
Unearned Revenue	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>52,947</b>	<b>78,676</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	42,510	-
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>42,510</b>	<b>0</b>
<b>Fund balance (deficit):</b>			
Nonspendable	22,000	-	-
Restricted	-	-	-
Assigned	45,255	-	137,873
Unassigned	-	(52,947)	-
<b>Total fund balance (deficit)</b>	<b>67,255</b>	<b>(52,947)</b>	<b>137,873</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$67,255</b>	<b>\$42,510</b>	<b>\$216,549</b>

**Statement 25**  
**Page 2 of 2**

483 2022 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
		2020	2019
\$ -	\$212,754	\$1,166,077	\$620,365
-	-	15,000	172,749
-	-	396,576	172,749
-	51,307	51,307	147,008
-	-	42,510	92,473
-	-	22,000	4,621
-	-	-	-
-	10,537	10,537	11,122
-	93,727	93,727	104,788
-	7,443	7,443	7,443
<u>\$0</u>	<u>\$375,768</u>	<u>\$1,805,177</u>	<u>\$1,160,569</u>
\$174,642	\$ -	\$403,595	\$38,684
-	-	-	-
7,500	-	92,849	406,040
-	-	-	-
-	-	221,241	29
-	-	-	-
<u>182,142</u>	<u>0</u>	<u>717,685</u>	<u>444,753</u>
-	111,707	154,217	215,826
<u>0</u>	<u>111,707</u>	<u>154,217</u>	<u>215,826</u>
-	-	22,000	4,621
-	-	-	-
-	264,061	1,146,364	850,356
(182,142)	-	(235,089)	(354,987)
<u>(182,142)</u>	<u>264,061</u>	<u>933,275</u>	<u>499,990</u>
<u>\$0</u>	<u>\$375,768</u>	<u>\$1,805,177</u>	<u>\$1,160,569</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, 2020  
With Comparative Totals For The Year Ended December 31, 2019

Statement 26  
Page 1 of 2

	401 General Capital Improvement Projects	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
Revenues:				
Intergovernmental:				
State:				
MSA	\$ -	\$66,235	\$ -	\$ -
Other	457,693	-	-	-
Other intergovernmental	-	-	-	523,382
Special assessments	-	-	-	-
Investment income	1,385	3,029	2,359	-
Contributions and donations	-	-	51,861	-
Reimbursement from component unit	-	-	-	-
Other grants	-	-	142,000	-
Other	-	-	-	-
Total revenues	<u>459,078</u>	<u>69,264</u>	<u>196,220</u>	<u>523,382</u>
Expenditures:				
Current:				
General government	457,693	-	-	-
Public works	-	8,971	-	2,189
Culture and recreation	-	-	1,220	-
Capital outlay/construction	89	-	215,949	480,853
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	<u>457,782</u>	<u>8,971</u>	<u>217,169</u>	<u>483,042</u>
Revenues over (under) expenditures	<u>1,296</u>	<u>60,293</u>	<u>(20,949)</u>	<u>40,340</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Sale of capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Transfers in	7,811	126,235	-	10,500
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>7,811</u>	<u>126,235</u>	<u>0</u>	<u>10,500</u>
Net change in fund balance	9,107	186,528	(20,949)	50,840
Fund balance (deficit) - January 1	<u>100,359</u>	<u>189,522</u>	<u>98,819</u>	<u>84,949</u>
Fund balance (deficit) - December 31	<u>\$109,466</u>	<u>\$376,050</u>	<u>\$77,870</u>	<u>\$135,789</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, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	418 GR Arts and Culture Capital Project	429 IRA Civic Center Projects
Revenues:		
Intergovernmental:		
State:		
MSA	\$ -	\$ -
Other	-	-
Other intergovernmental	-	-
Special assessments	-	-
Investment income	348	-
Contributions and donations	-	49,963
Reimbursement from component unit	-	-
Other grants	-	-
Other	400	-
Total revenues	<u>748</u>	<u>49,963</u>
Expenditures:		
Current:		
General government	-	-
Public works	-	-
Culture and recreation	-	-
Capital outlay/construction	11,199	-
Debt service:		
Bond issuance costs	-	-
Total expenditures	<u>11,199</u>	<u>0</u>
Revenues over (under) expenditures	<u>(10,451)</u>	<u>49,963</u>
Other financing sources (uses):		
Bond proceeds	-	-
Bond premium	-	-
Sale of capital assets	-	-
Insurance recoveries	-	-
Transfers in	32,820	-
Transfers out	-	-
Total other financing sources (uses)	<u>32,820</u>	<u>0</u>
Net change in fund balance	22,369	49,963
Fund balance (deficit) - January 1	<u>44,886</u>	<u>(102,910)</u>
Fund balance (deficit) - December 31	<u>\$67,255</u>	<u>(\$52,947)</u>



479 2018 Infrastructure Bonds	480 2019 Infrastructure Bonds	483 2022 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
				2020	2019
\$ -	\$ -	\$ -	\$ -	\$66,235	\$53,762
-	24,828	-	-	482,521	21,988
-	-	-	-	523,382	665,398
-	-	-	14,726	14,726	15,065
-	-	-	2,143	9,264	8,711
-	-	-	-	101,824	70,920
-	-	-	-	-	84,020
-	-	-	-	142,000	-
-	-	-	-	400	1,102
0	24,828	0	16,869	1,340,352	920,966
-	-	-	7,510	465,203	16,488
-	-	-	-	11,160	11,973
-	-	-	-	1,220	26,424
13,054	767,214	182,142	-	1,670,500	2,269,902
-	-	-	-	-	-
13,054	767,214	182,142	7,510	2,148,083	2,324,787
(13,054)	(742,386)	(182,142)	9,359	(807,731)	(1,403,821)
-	-	-	-	-	-
-	-	-	-	-	-
-	186,932	-	-	186,932	188,500
-	-	-	5,130	182,496	194,149
(174,175)	(33,770)	-	-	(207,945)	(183,943)
(174,175)	153,162	0	5,130	161,483	198,706
(187,229)	(589,224)	(182,142)	14,489	(646,248)	(1,205,115)
187,229	727,097	-	249,572	1,579,523	1,705,105
\$0	\$137,873	(\$182,142)	\$264,061	\$933,275	\$499,990

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

Prior year ending fund balance reported	\$499,990
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
481 2020 Infrastructure Bonds	240,736
482 2021 Infrastructure Bonds	11,341
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
401 General Capital Improvement Projects	100,359
480 2019 Infrastructure Bonds	727,097
Current year beginning fund balance	\$1,579,523

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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, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 27**

	2020		2019
	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			Actual Amounts
General property taxes	\$669,074	\$669,074	\$663,785
Intergovernmental:			\$660,433
State:			
Supplemental aid	33,613	33,613	33,613
Other	-	-	650
Charges for services:			
Townships	128,000	128,000	144,150
Other	50,382	50,382	23,449
Fines and forfeits	12,000	12,000	2,270
Investment income	4,300	4,300	6,924
Contributions and donations	11,500	11,500	12,898
Miscellaneous	-	-	-
Total revenues	908,869	908,869	887,739
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	696,884	696,884	648,922
Materials and supplies	82,476	82,476	62,453
Other services and charges	135,750	135,750	115,237
Total current	915,110	915,110	826,612
Capital outlay	-	-	5,536
Total expenditures	915,110	915,110	832,148
Revenues over (under) expenditures	(6,241)	(6,241)	55,591
Other financing sources:			
Transfer in	6,241	6,241	6,241
Insurance recoveries	-	-	-
Total other financing sources (uses)	6,241	6,241	6,241
Net change in fund balance	\$0	\$0	61,832
Fund balance - January 1			555,080
Fund balance - December 31			\$616,912
			\$555,080

**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, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 28**

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$74,100	\$74,100	\$73,065	\$71,000
Other	-	-	-	-
Investment income	-	-	765	732
Other	-	-	349	1,250
Total revenues	<u>74,100</u>	<u>74,100</u>	<u>74,179</u>	<u>72,982</u>
Expenditures:				
Culture and recreation:				
Current:				
Materials and supplies	2,500	2,500	910	2,479
Other services and charges	105,820	105,820	97,831	105,589
Capital Outlay	5,400	5,400	-	-
Total expenditures	<u>113,720</u>	<u>113,720</u>	<u>98,741</u>	<u>108,068</u>
Revenues over (under) expenditures	<u>(39,620)</u>	<u>(39,620)</u>	<u>(24,562)</u>	<u>(35,086)</u>
Other financing sources:				
Insurance recoveries	-	-	-	2,244
Transfer in	39,620	39,620	27,464	44,230
Total other financing sources (uses)	<u>39,620</u>	<u>39,620</u>	<u>27,464</u>	<u>46,474</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	2,902	11,388
Fund balance - January 1			<u>73,772</u>	<u>62,384</u>
Fund balance - December 31			<u>\$76,674</u>	<u>\$73,772</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, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 29**

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$115,220	\$115,220	\$116,140	\$118,181
Other	5,300	5,300	6,205	7,742
Intergovernmental:				
State operations reimbursement	66,231	66,231	30,689	66,488
Itasca County	20,000	20,000	73,472	20,000
Investment income	1,992	1,992	565	2,766
Other	-	-	-	2,211
Total revenues	<u>208,743</u>	<u>208,743</u>	<u>227,071</u>	<u>217,388</u>
Expenditures:				
Public works:				
Current:				
Personnel services	88,109	88,109	115,315	100,567
Materials and supplies	16,650	16,650	12,228	16,724
Other services and charges	123,984	123,984	141,281	106,845
Total current	<u>228,743</u>	<u>228,743</u>	<u>268,824</u>	<u>224,136</u>
Capital outlay	-	-	6,019	33,140
Total expenditures	<u>228,743</u>	<u>228,743</u>	<u>274,843</u>	<u>257,276</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(47,772)</u>	<u>(39,888)</u>
Other financing sources:				
Sale of capital assets	-	-	4,000	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>24,000</u>	<u>25,859</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>(23,772)</u>	<u>(14,029)</u>
Fund balance - January 1			<u>152,598</u>	<u>166,627</u>
Fund balance - December 31			<u>\$128,826</u>	<u>\$152,598</u>



**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 228 IRA CIVIC CENTER**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 30**

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$570,000	\$570,000	\$421,120	\$562,052
Concessions	106,000	106,000	57,215	88,635
Advertising	79,000	79,000	71,321	74,684
Other	18,300	18,300	8,635	15,787
Investment income	-	-	-	-
Total revenues	<u>773,300</u>	<u>773,300</u>	<u>558,291</u>	<u>741,158</u>
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	375,926	375,926	225,896	369,845
Materials and supplies	83,100	83,100	43,469	73,552
Other services and charges	303,583	303,583	246,411	309,248
Capital outlay	-	-	-	-
Total expenditures	<u>762,609</u>	<u>762,609</u>	<u>515,776</u>	<u>752,645</u>
Revenues over (under) expenditures	<u>10,691</u>	<u>10,691</u>	<u>42,515</u>	<u>(11,487)</u>
Other financing sources (uses):				
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$10,691</u>	<u>\$10,691</u>	42,515	(11,487)
Fund balance (deficit) - January 1			(176,196)	(164,709)
Fund balance (deficit) - December 31			<u>(\$133,681)</u>	<u>(\$176,196)</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, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 31**

	2020		2019
	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			Actual
Charges for services:			Amounts
Fees	\$ -	\$ -	-
Contributions	-	-	-
Total revenues	0	0	0
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	81,245	81,245	-
Materials and supplies	4,000	4,000	-
Other services and charges	9,700	9,700	-
Total expenditures	94,945	94,945	0
Revenues over (under) expenditures	(94,945)	(94,945)	0
Other financing sources (uses):			
Transfers in	-	-	-
Total other financing sources (uses)	0	0	0
Net change in fund balance	(\$94,945)	(\$94,945)	0
Fund balance (deficit) - January 1			-
Fund balance (deficit) - December 31			\$0

**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, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 32**

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Other Revenue	\$ -	\$ -	\$ -	\$3,109
Intergovernmental:				
State:				
Haz-Mat reimbursement	60,000	60,000	59,560	70,388
Total revenues	60,000	60,000	59,560	73,497
Expenditures:				
Public safety:				
Current:				
Personnel services	26,200	26,200	18,712	21,079
Materials and supplies	13,800	13,800	26,401	25,146
Other services and charges	20,000	20,000	13,265	27,272
Capital outlay	-	-	1,182	-
Total expenditures	60,000	60,000	59,560	73,497
Revenues over (under) expenditures	\$0	\$0	0	0
Fund balance - January 1			1,009	1,009
Fund balance - December 31			\$1,009	\$1,009



**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 232 POLICE FORFEITURE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 33**

	2020		2019
	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			Actual
Intergovernmental	\$ -	\$ -	Amounts
Fines and forfeits	8,000	8,000	
Investment income	-	-	
Miscellaneous	500	500	
Total revenues	8,500	8,500	
Expenditures:			
Public safety:			
Current:			
Materials and supplies	3,500	3,500	
Other services and charges	2,000	2,000	
Capital outlay	20,000	20,000	
Total expenditures	25,500	25,500	
Revenues over (under) expenditures	(17,000)	(17,000)	
Other financing sources:			
Transfers out	-	-	
Net change in fund balance	(\$17,000)	(\$17,000)	
Fund balance - January 1			
Fund balance - December 31			

**CITY OF GRAND RAPIDS, MINNESOTA**  
**SPECIAL REVENUE FUND - 233 CEMETERY**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2020**  
**With Comparative Actual Amounts For The Year Ended December 31, 2019**

**Statement 34**

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
General property taxes	\$190,730	\$190,730	\$189,203	\$191,536
Intergovernmental:				
State:				
Supplemental aid	9,583	9,583	9,583	9,910
Charges for services:				
Cemetery	39,269	39,269	56,314	36,831
Investment income	300	300	648	932
Other	1,909	1,909	1,624	420
Total revenues	241,791	241,791	257,372	239,629
Expenditures:				
Public works:				
Current:				
Personnel services	183,501	183,501	201,295	191,421
Materials and supplies	14,600	14,600	13,306	9,405
Other services and charges	43,690	43,690	32,765	26,448
Capital Outlay	-	-	32,475	-
Total expenditures	241,791	241,791	279,841	227,274
Revenues over (under) expenditures	-	-	(22,469)	12,355
Other financing sources:				
Transfers in	-	-	32,475	0
Net change in fund balance	\$0	\$0	10,006	12,355
Fund balance - January 1			100,391	88,036
Fund balance - December 31			\$110,397	\$100,391

**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, 2020

With Comparative Actual Amounts For The Year Ended December 31, 2019

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Fines and forfeits	\$36,000	\$36,000	\$35,280	\$36,288
Donations	-	-	-	100
Miscellaneous	-	-	1	1
Intergovernmental	3,000	3,000	3,000	3,000
Total revenues	39,000	39,000	38,281	39,389
Expenditures:				
Public safety:				
Current:				
Personnel services	49,172	49,172	44,908	44,914
Materials and supplies	3,500	3,500	1,978	2,758
Other services and charges	18,045	18,045	14,614	14,393
Total expenditures	70,717	70,717	61,500	62,065
Revenues over (under) expenditures	(31,717)	(31,717)	(23,219)	(22,676)
Other financing sources:				
Transfers in	31,717	31,717	24,100	25,677
Net change in fund balance	\$0	\$0	881	3,001
Fund balance - January 1			10,623	7,622
Fund balance - December 31			\$11,504	\$10,623



**CITY OF GRAND RAPIDS, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**CUSTODIAL FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

**Statement 36**

	<u>872 Lodging Tax</u>	<u>877 Cable TV Commision</u>	<u>Total</u>
Assets:			
Cash and investments	\$10,863	\$79,864	\$90,727
Receivables:			
Accounts	-	-	-
Total assets	<u>10,863</u>	<u>79,864</u>	<u>90,727</u>
Liabilities:			
Accounts payable	<u>10,863</u>	<u>79,864</u>	<u>90,727</u>
Total liabilities	<u>10,863</u>	<u>79,864</u>	<u>90,727</u>
Net position:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF GRAND RAPIDS, MINNESOTA****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS****Statement 37**

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	872 Lodging Tax	877 Cable TV Commision	Totals	
			2020	2019
Additions:				
Lodging tax collections	\$252,385	\$ -	\$252,385	\$339,818
Cable franchise fee collections	-	314,553	314,553	280,069
Total additions	<u>252,385</u>	<u>314,553</u>	<u>566,938</u>	<u>619,887</u>
Deductions:				
Payments to other entities	239,766	306,766	546,532	594,732
Administrative fees	12,619	7,787	20,406	25,155
Total deductions	<u>252,385</u>	<u>314,553</u>	<u>566,938</u>	<u>619,887</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, 2020**  
**With Comparative Totals For December 31, 2019**

**Statement 38**

Assets	General	Capital Project	Totals	
			2020	2019
Cash and investments	\$3,480	\$950,650	\$954,130	\$748,887
Accounts receivable	-	49,489	49,489	66,832
Due from other governmental units	-	8,857	8,857	995
Inventory - land held for resale	-	2,995,877	2,995,877	2,995,877
Prepaid expenses	-	2,000	2,000	-
Notes receivable	-	1,230,652	1,230,652	460,353
<b>Total assets</b>	<b>\$3,480</b>	<b>\$5,237,525</b>	<b>\$5,241,005</b>	<b>\$4,272,944</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$27,061	\$27,061	\$24,067
Deposits payable	-	1,535	1,535	1,518
Due to other funds	600	-	600	-
Due to other governmental units	-	105,452	105,452	120,730
<b>Total liabilities</b>	<b>600</b>	<b>134,048</b>	<b>134,648</b>	<b>146,315</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	4,230,984	4,230,984	3,461,223
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>4,230,984</b>	<b>4,230,984</b>	<b>3,461,223</b>
<b>Fund balance:</b>				
Nonspendable	-	2,000	2,000	648,310
Assigned	-	870,493	870,493	648,310
Unassigned	2,880	-	2,880	17,096
<b>Total fund balance</b>	<b>2,880</b>	<b>872,493</b>	<b>875,373</b>	<b>665,406</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$3,480</b>	<b>\$5,237,525</b>	<b>\$5,241,005</b>	<b>\$4,272,944</b>

**CITY OF GRAND RAPIDS, MINNESOTA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT**
**Statement 39**

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	General	Capital Project	Totals	
			2020	2019
Revenues:				
General property taxes	\$ -	\$56,221	\$56,221	\$55,754
Intergovernmental	-	747,173	747,173	301,213
Charges for services	-	11,817	11,817	13,143
Investment income	164	9,445	9,609	11,034
Contributions	-	-	-	-
Miscellaneous:				
Loan repayment	-	267,922	267,922	51,562
Other	-	36,914	36,914	44,596
Total revenues	164	1,129,492	1,129,656	477,302
Expenditures:				
Economic development:				
Current:				
Materials and supplies	13	-	13	25
Other services and charges	14,367	210,225	224,592	390,147
Grants issued	-	411,000	411,000	-
Loan disbursement	-	1,045,000	1,045,000	93,919
Debt service:				
Principal	-	51,418	51,418	47,964
Interest	-	12,666	12,666	2,009
Total expenditures	14,380	1,730,309	1,744,689	534,064
Revenues over (under) expenditures	(14,216)	(600,817)	(615,033)	(56,762)
Other financing sources:				
Sale of land held for resale	-	175,000	175,000	45,000
Proceeds from loan issuance	-	650,000	650,000	-
Total other financial sources	-	825,000	825,000	45,000
Net change in fund balance	(14,216)	224,183	209,967	(11,762)
Fund balance - January 1	17,096	648,310	665,406	677,168
Fund balance - December 31	\$2,880	\$872,493	\$875,373	\$665,406



### **III. STATISTICAL SECTION (UNAUDITED)**

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### III. STATISTICAL SECTION (UNAUDITED)

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

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#### Contents

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**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			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$31,703,299	\$30,975,963	\$31,861,617	\$33,830,578
Restricted	12,379,387	12,077,081	12,808,310	10,281,228
Unrestricted	5,813,768	7,680,276	7,617,727	4,784,327
Total governmental activities net position	<u>\$49,896,454</u>	<u>\$50,733,320</u>	<u>\$52,287,654</u>	<u>\$48,896,133</u>
Business type activities:				
Net investment in capital assets	\$2,793,653	\$2,755,540	\$2,864,018	\$2,894,190
Restricted	-	-	-	-
Unrestricted	236,409	339,608	272,420	424,469
Total business-type activities net position	<u>\$3,030,062</u>	<u>\$3,095,148</u>	<u>\$3,136,438</u>	<u>\$3,318,659</u>
Primary government:				
Net investment in capital assets	\$34,496,952	\$33,731,503	\$34,725,635	\$36,724,768
Restricted	12,379,387	12,077,081	12,808,310	10,281,228
Unrestricted	6,050,177	8,019,884	7,890,147	5,208,796
Total primary government net position	<u>\$52,926,516</u>	<u>\$53,828,468</u>	<u>\$55,424,092</u>	<u>\$52,214,792</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					
2015	2016	2017	2018	2019	2020
\$33,884,548	\$36,971,014	\$37,512,555	\$40,214,116	\$42,846,042	\$45,277,093
9,803,311	10,100,529	13,147,731	10,060,607	10,896,992	10,530,098
4,927,309	2,940,736	(1,186,433)	814,352	1,270,800	2,115,273
<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>	<u>\$57,922,464</u>
\$2,841,005	\$2,797,345	\$2,904,137	\$2,954,613	\$2,888,261	\$2,708,980
-	-	-	-	-	-
494,673	337,782	14,513	(60,547)	(74,841)	214,488
<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>	<u>\$2,923,468</u>
\$36,725,553	\$39,768,359	\$40,416,692	\$43,168,729	\$45,734,303	\$47,986,073
9,803,311	10,100,529	13,147,731	10,060,607	10,896,992	10,530,098
5,421,982	3,278,518	(1,171,920)	753,805	1,195,959	2,329,761
<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>	<u>\$60,845,932</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities:				
General government	\$2,362,986	\$2,206,280	\$2,420,199	\$3,701,667
Public safety	2,836,212	2,929,368	3,117,628	3,382,829
Public works	5,390,413	6,772,303	5,601,025	5,417,245
Culture and recreation	2,255,043	2,235,595	2,000,748	2,054,143
Interest and fees on long-term debt	907,838	921,653	1,309,223	834,833
Total governmental activities expenses	<u>13,752,492</u>	<u>15,065,199</u>	<u>14,448,823</u>	<u>15,390,717</u>
Business-type activities:				
Golf course	549,733	561,484	554,933	554,859
Storm water utility	377,107	341,287	434,932	425,389
Total business-type activities expenses	<u>926,840</u>	<u>902,771</u>	<u>989,865</u>	<u>980,248</u>
Total primary government expenses	<u>\$14,679,332</u>	<u>\$15,967,970</u>	<u>\$15,438,688</u>	<u>\$16,370,965</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$401,410	\$434,949	\$590,194	\$563,808
Public safety	447,864	433,622	478,032	527,001
Public works	432,900	419,069	716,553	424,349
Culture and recreation:				
Ice rent	434,724	440,565	451,836	474,909
Other activities	506,187	521,523	500,351	526,763
Operating grants and contributions	1,240,128	1,572,878	1,358,914	1,980,477
Capital grants and contributions	5,349,509	3,737,070	3,439,782	1,757,480
Total governmental activities program revenues	<u>8,812,722</u>	<u>7,559,676</u>	<u>7,535,662</u>	<u>6,254,787</u>
Business-type activities:				
Charges for services:				
Golf course	553,201	561,653	524,670	555,588
Storm water utility	498,587	498,189	551,049	553,074
Operating grants and contributions	-	-	-	-
Capital grants and contributions	7,995	100	-	46,388
Total business-type activities program revenues	<u>1,059,783</u>	<u>1,059,942</u>	<u>1,075,719</u>	<u>1,155,050</u>
Total primary government program revenues	<u>\$9,872,505</u>	<u>\$8,619,618</u>	<u>\$8,611,381</u>	<u>\$7,409,837</u>
<b>Net (expense) revenue:</b>				
Governmental activities	(\$4,939,770)	(\$7,505,523)	(\$6,913,161)	(\$9,135,930)
Business-type activities	132,943	157,171	85,854	174,802
Total primary government net (expense) revenue	<u>(4,806,827)</u>	<u>(7,348,352)</u>	<u>(6,827,307)</u>	<u>(8,961,128)</u>



**Table 2**  
**Page 1 of 2**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$2,993,026	\$3,649,895	\$3,096,685	\$3,027,254	\$4,330,097	\$4,566,308
3,674,182	4,208,454	3,807,777	3,551,574	3,872,939	3,811,071
5,239,892	5,646,605	6,368,065	6,569,274	8,735,821	7,451,179
2,028,067	2,367,449	2,327,649	2,387,392	2,215,769	1,825,496
740,526	731,702	871,133	662,757	654,344	625,932
14,675,693	16,604,105	16,471,309	16,198,251	19,808,970	18,279,986
598,114	651,127	683,231	628,752	630,928	636,642
440,557	688,176	701,325	755,772	743,983	657,178
1,038,671	1,339,303	1,384,556	1,384,524	1,374,911	1,293,820
\$15,714,364	\$17,943,408	\$17,855,865	\$17,582,775	\$21,183,881	\$19,573,806
\$565,218	\$458,276	\$559,770	\$425,485	\$1,126,227	\$649,606
561,365	580,225	587,714	614,953	717,861	781,224
323,177	326,167	1,048,588	897,927	488,316	1,387,390
484,801	496,778	509,811	526,840	562,840	421,120
532,720	551,263	531,064	463,216	450,658	383,881
1,615,576	2,262,521	1,179,042	1,878,743	2,536,708	3,169,921
806,243	3,523,916	1,410,953	2,730,703	7,022,082	1,088,517
4,889,100	8,199,146	5,826,942	7,537,867	12,904,692	7,881,659
589,499	569,276	567,053	582,728	597,184	653,736
563,011	567,357	592,947	718,751	696,628	746,488
-	-	-	-	-	-
-	-	-	-	-	-
1,152,510	1,136,633	1,160,000	1,301,479	1,293,812	1,400,224
\$6,041,610	\$9,335,779	\$6,986,942	\$8,839,346	\$14,198,504	\$9,281,883
(\$9,786,593)	(\$8,404,959)	(\$10,644,367)	(\$8,660,384)	(\$6,904,278)	(\$10,398,327)
113,839	(202,670)	(224,556)	(83,045)	(81,099)	106,404
(9,672,754)	(8,607,629)	(10,868,923)	(8,743,429)	(6,985,377)	(10,291,923)

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes	\$5,180,915	\$5,725,515	\$5,896,074	\$6,022,589
Payments in lieu of taxes (PILOT)	854,710	854,998	901,179	903,494
Unrestricted grants and contributions	1,470,249	1,382,817	1,442,510	1,740,285
Investment earnings	184,059	128,235	80,298	122,519
Gain on sale of capital assets	5,360	83,853	67,523	6,900
Insurance recoveries	-	63,471	26,696	20,924
Special item - Grand Rapids / Itasca County Airport	6,212,220	-	-	-
Special item - merger with Grand Rapids Township	-	-	-	-
Transfers	3,500	103,500	53,215	3,500
Total governmental activities	<u>13,911,013</u>	<u>8,342,389</u>	<u>8,467,495</u>	<u>8,820,211</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	6,313	5,885	3,385	6,919
Gain on sale of capital assets	-	5,530	5,266	-
Insurance recoveries	-	-	-	4,000
Transfers	(3,500)	(103,500)	(53,215)	(3,500)
Total business-type activities	<u>2,813</u>	<u>(92,085)</u>	<u>(44,564)</u>	<u>7,419</u>
Total primary government	<u>\$13,913,826</u>	<u>\$8,250,304</u>	<u>\$8,422,931</u>	<u>\$8,827,630</u>
<b>Change in net position:</b>				
Government activities	\$6,145,374	\$3,402,619	\$961,972	\$1,907,050
Business-type activities	287,157	40,858	112,607	93,273
Total primary government	<u>\$6,432,531</u>	<u>\$3,443,477</u>	<u>\$1,074,579</u>	<u>\$2,000,323</u>

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

Table 2  
Page 2 of 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$6,640,739	\$6,945,795	\$7,239,603	\$7,354,409	\$7,629,869	\$7,659,562
902,766	903,478	906,119	915,788	913,682	911,762
1,742,132	1,776,992	1,759,578	1,864,606	1,843,498	2,086,492
109,041	107,331	121,034	133,871	206,030	136,466
-	14,196	60,429	21,576	199,455	2,512,675
7,450	50,778	15,678	14,856	-	-
-	-	-	-	-	-
-	-	-	-	33,003	-
103,500	3,500	3,500	(29,500)	3,500	-
9,505,628	9,802,070	10,105,941	10,275,606	10,829,037	13,306,957
-	-	1,000	-	-	-
6,349	5,619	3,884	3,322	3,953	3,644
331	-	5,750	895	-	-
-	-	945	24,744	-	-
(103,500)	(3,500)	(3,500)	29,500	(3,500)	-
(96,820)	2,119	8,079	58,461	453	3,644
\$9,408,808	\$9,804,189	\$10,114,020	\$10,334,067	\$10,829,490	\$13,310,601
\$369,698	\$15,477	\$1,700,982	(\$368,761)	\$3,924,759	\$2,908,630
77,982	115,958	(194,591)	(166,095)	(80,646)	110,048
\$447,680	\$131,435	\$1,506,391	(\$534,856)	\$3,844,113	\$3,018,678



**CITY OF GRAND RAPIDS, MINNESOTA**

**FUND BALANCES - GOVERNMENTAL FUNDS<sup>(1)</sup>**

Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Fund balance:				
Nonspendable	\$1,071,817	\$882,863	\$607,301	\$401,947
Restricted	15,567	13,186	12,479	14,268
Committed	76,401	156,520	243,403	331,201
Unassigned	3,857,416	4,463,866	4,633,494	4,903,066
Total general fund	<u>5,021,201</u>	<u>5,516,435</u>	<u>5,496,677</u>	<u>5,650,482</u>
All other governmental funds:				
Fund balance:				
Nonspendable	345,891	408,722	206,417	23,387
Restricted	6,728,771	7,830,851	8,922,847	6,607,864
Committed	649,367	662,669	601,378	636,819
Assigned	2,073,531	1,989,644	1,684,947	1,819,910
Unassigned	(2,855,610)	(964,192)	(546,851)	(117,775)
Total all other government funds	<u>6,941,950</u>	<u>9,927,694</u>	<u>10,868,738</u>	<u>8,970,205</u>
Total all funds	<u>\$11,963,151</u>	<u>\$15,444,129</u>	<u>\$16,365,415</u>	<u>\$14,620,687</u>

Table 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$306,783	\$636,954	\$1,108,226	\$1,146,321	\$1,236,463	\$1,471,076
17,185	17,577	21,677	19,419	22,535	35,950
422,995	517,869	613,922	713,901	817,236	925,572
5,253,912	5,066,530	4,526,746	4,339,372	4,544,575	4,909,111
6,000,875	6,238,930	6,270,571	6,219,013	6,620,809	7,341,709
26,659	18,334	37,351	38,130	79,738	52,941
7,012,776	7,033,902	9,945,077	7,212,565	7,108,403	6,792,754
646,943	804,728	748,398	736,371	780,416	853,737
2,076,696	1,480,898	1,433,487	2,110,453	1,677,812	1,811,774
(184,210)	(579,562)	(929,731)	(798,902)	(537,062)	(944,929)
9,578,864	8,758,300	11,234,582	9,298,617	9,109,307	8,566,277
\$15,579,739	\$14,997,230	\$17,505,153	\$15,517,630	\$15,730,116	\$15,907,986

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$6,024,517	\$6,553,504	\$6,772,986	\$6,951,608
Licenses and permits	226,118	202,354	324,015	275,941
Intergovernmental	5,933,373	4,434,468	4,671,032	5,014,278
Special assessments	1,063,987	1,546,363	1,760,500	990,937
Charges for services	2,415,698	3,658,568	2,160,357	2,021,418
Fines and forfeits	191,552	160,984	204,756	172,374
Investment income	184,059	128,235	80,298	122,519
Other	380,749	350,181	388,486	441,708
Total revenues	16,420,053	17,034,657	16,362,430	15,990,783
Expenditures:				
Current:				
General government	2,045,880	1,864,611	2,013,753	2,591,609
Public safety	2,551,622	2,639,573	2,829,259	3,074,009
Public works	2,706,560	2,786,207	2,853,198	3,188,479
Culture and recreation	1,745,924	1,709,487	1,731,099	1,735,137
Miscellaneous	369,809	393,733	523,877	570,460
Capital outlay/construction	8,398,558	7,640,162	6,370,341	3,698,823
Decertify TIF districts	-	-	-	-
Debt service:				
Principal retirement	2,990,512	3,239,850	3,925,000	5,040,000
Interest	903,583	802,977	881,735	815,457
Paying agent fees	6,204	8,630	8,855	8,775
Bond issuance costs	42,489	127,049	112,905	70,491
Total expenditures	21,761,141	21,212,279	21,250,022	20,793,240
Revenues over (under) expenditures	(5,341,088)	(4,177,622)	(4,887,592)	(4,802,457)
Other financing sources (uses):				
Sale of capital assets	5,360	51,788	55,254	6,900
Capital lease proceeds	-	-	-	-
Issuance of refunding bonds	525,000	-	1,525,000	-
Bond issuance/bond premium	1,030,000	7,397,605	4,134,377	3,000,000
Insurance recoveries	-	105,707	41,032	47,329
Redemption of refunded bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	1,044,991	705,445	1,855,266	1,053,297
Transfers out	(1,041,491)	(601,945)	(1,802,051)	(1,049,797)
Total other financing sources (uses)	1,563,860	7,658,600	5,808,878	3,057,729
Special items:				
Grand Rapids / Itasca County Airport	347,629	-	-	-
Merger with Grand Rapids Township	-	-	-	-
Net change in fund balance	(\$3,429,599)	\$3,480,978	\$921,286	(\$1,744,728)
Debt service as a percentage of noncapital expenditures	28.1%	28.2%	28.8%	33.4%



Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$7,549,081	\$7,802,196	\$8,179,557	\$8,217,883	\$8,490,925	\$8,536,045
343,241	259,518	332,376	212,505	499,947	450,688
3,887,034	5,726,983	3,771,612	5,860,934	10,498,053	5,742,470
835,650	989,932	631,282	762,813	514,977	432,474
1,945,088	1,980,441	2,083,233	2,089,178	2,163,196	2,067,732
150,911	140,003	116,367	114,828	112,553	92,407
109,041	107,331	121,034	133,871	206,030	136,466
378,950	899,017	1,093,069	712,397	312,273	1,063,428
15,198,996	17,905,421	16,328,530	18,104,409	22,797,954	18,521,710
2,318,002	3,047,872	2,404,189	2,426,762	3,525,148	2,960,690
3,224,886	3,338,016	3,340,909	3,608,088	3,798,604	3,847,373
2,575,664	2,731,258	2,822,303	2,795,132	2,864,435	2,984,860
1,720,627	1,947,341	1,931,650	2,015,958	1,869,413	1,525,058
545,535	514,541	553,452	562,856	332,564	1,214,096
749,073	5,870,681	4,736,594	4,546,229	8,813,591	7,745,469
-	-	91,038	-	95,693	-
2,475,000	2,590,000	2,597,000	5,420,000	2,480,000	2,480,000
764,607	711,789	680,534	669,089	629,512	613,237
8,000	7,600	7,150	6,250	6,350	6,850
-	52,693	112,018	60,199	50,948	57,920
14,381,394	20,811,791	19,276,837	22,110,563	24,466,258	23,435,553
817,602	(2,906,370)	(2,948,307)	(4,006,154)	(1,668,304)	(4,913,843)
2,000	55,400	133,885	47,887	210,616	2,526,905
-	-	-	-	-	-
-	-	3,013,286	-	-	2,275,000
-	2,214,183	2,289,881	1,973,026	1,647,547	83,520
35,950	50,778	15,678	27,218	19,127	206,288
-	-	-	-	-	-
-	-	-	-	-	-
602,038	1,002,717	4,116,142	2,096,040	982,070	806,486
(498,538)	(999,217)	(4,112,642)	(2,125,540)	(978,570)	(806,486)
141,450	2,323,861	5,456,230	2,018,631	1,880,790	5,091,713
-	-	-	-	-	-
-	-	-	-	-	-
\$959,052	(\$582,509)	\$2,507,923	(\$1,987,523)	\$212,486	\$177,870
23.5%	22.1%	21.3%	32.8%	16.7%	16.5%

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

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
General government	\$821,768	\$493,124	\$597,344	\$566,308
Public safety	915,580	1,073,037	1,100,379	1,122,613
Public works	5,613,348	4,825,540	4,537,627	3,325,271
Culture and recreation	1,283,989	1,014,136	1,066,206	1,059,045
Other	-	-	-	-
Total governmental activities program revenues	<u>8,634,685</u>	<u>7,405,837</u>	<u>7,301,556</u>	<u>6,073,237</u>
Business-type activities:				
Golf course	561,196	561,753	524,670	555,588
Storm water utility	498,587	498,189	551,049	553,074
Total business-type activities program revenues	<u>1,059,783</u>	<u>1,059,942</u>	<u>1,075,719</u>	<u>1,108,662</u>
Total primary government program revenues	<u>\$9,694,468</u>	<u>\$8,465,779</u>	<u>\$8,377,275</u>	<u>\$7,181,899</u>

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$594,476	\$781,676	\$567,926	\$486,735	\$1,261,059	\$1,627,440
1,141,745	1,083,258	1,133,127	1,154,522	1,393,344	1,322,337
1,922,976	3,971,370	2,785,332	4,360,082	8,941,143	3,638,837
1,070,269	2,115,700	1,108,439	1,494,977	1,255,309	1,263,344
-	-	232,118	41,551	34,710	29,701
4,729,466	7,952,004	5,826,942	7,537,867	12,885,565	7,881,659
589,499	569,276	567,053	582,728	597,184	653,736
563,011	567,357	592,947	718,751	696,628	746,488
1,152,510	1,136,633	1,160,000	1,301,479	1,293,812	1,400,224
\$5,881,976	\$9,088,637	\$6,986,942	\$8,839,346	\$14,179,377	\$9,281,883



**CITY OF GRAND RAPIDS, MINNESOTA****TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

**Table 6**

Fiscal Year Ended December 31	Residential Property	Commercial/ Industrial Property	All Other	Total Tax Capacity	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
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	9,518,397	1,109,824	8,408,573	79.232	786,530,358	1.07%
2017	4,756,343	3,960,710	882,231	9,599,284	1,192,888	8,406,396	82.208	792,082,220	1.06%
2018	4,757,558	3,908,563	937,951	9,604,072	1,216,383	8,387,689	82.493	795,696,602	1.05%
2019	5,115,784	3,801,713	910,424	9,827,921	1,219,912	8,608,009	83.290	824,925,900	1.04%
2020	5,144,945	3,818,146	789,321	9,752,412	1,152,780	8,599,632	83.457	822,147,100	1.05%

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	
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	65.202	18.088	83.290	64.844	24.182	-	0.298	172.614
2020	65.307	18.150	83.457	67.034	23.901	-	0.305	174.697

\*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	2020			2011		
	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%	\$732,457	1	38.59%
Enbridge Energy, LP	347,186	2	4.43%	130,614	5	6.88%
Wal-Mart Stores	158,024	3	2.02%	246,608	2	
Enbridge Energy Pipelines	135,502	4	1.73%			0.00%
Majestic Pines	125,977	5	1.61%			
Grand Hospitality LLC	123,700	6	1.58%	131,178	4	6.91%
Grand Rapids Healthcare	118,341	7	1.51%			
ASV, Inc. *	110,910	8	1.42%	136,422	3	7.19%
Arrowhead Promotion & Fulfillment Co	103,964	9	1.33%	117,926	7	6.21%
Minnesota Power & Light Co	102,308	10	1.31%			
Target Corporation				122,526	6	6.46%
Home Depot USA, Inc				108,408	8	5.71%
Hawkinson Construction Properties				92,973	9	4.90%
Horseshoe Professional Bldg.				78,886	10	4.16%
Total principal taxpayers	1,868,477		19.25%	1,897,998		19.12%
All other taxpayers	<u>\$7,837,566</u>		<u>80.75%</u>	<u>\$8,028,923</u>		<u>80.88%</u>
Total	<u>\$9,706,043</u>		<u>100.00%</u>	<u>\$9,926,921</u>		<u>100.00%</u>

Source: Itasca County Auditor's Office

Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Itasca County.

\*Formerly Terex Corp., Inc.



**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
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%	86,323	6,288,250	100.10%
2015	6,845,166	6,774,792	98.97%	72,700	6,847,492	100.03%
2016	6,951,560	6,847,996	98.51%	66,670	6,914,666	99.47%
2017	7,258,674	7,169,418	98.77%	31,367	7,200,785	99.20%
2018	7,408,178	7,249,845	97.86%	36,473	7,286,318	98.36%
2019	7,689,023	7,545,606	98.13%	55,476	7,601,082	98.86%
2020	7,793,670	7,698,321	98.78%	-	7,698,321	98.78%

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					Business-type Activities	Total Primary Government	Bonded Debt Per Capita
	General Obligation Bonds	General Obligation Impr Bonds	Tax Increment Bonds	Other Debt	Total Governmental Activities	Capital Leases		
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
2020	12,429,876	9,537,720	650,000	-	22,617,596	29,621	22,647,217	1,988

Note: Personal income not available.

Excludes component units.

Includes unamortized issuance premium for 2014 through 2020

**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>
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
2020	12,429,876	1.5119%	1091.30

*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 2020



**CITY OF GRAND RAPIDS, MINNESOTA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
December 31, 2020

**Table 12**

	<u>Net Debt Outstanding</u>	<u>% of Debt Applicable to City<sup>(2)</sup></u>	<u>City of Grand Rapids Share of Debt</u>
<b>Direct debt</b>			
City of Grand Rapids <sup>(1)</sup>	\$22,617,596	100.00%	\$22,617,596
<b>Overlapping debt:</b>			
Itasca County	70,590,000	13.83%	9,764,017
School District 318	<u>60,540,000</u>	20.01%	<u>12,116,583</u>
Total overlapping debt	<u>131,130,000</u>		<u>21,880,600</u>
Total direct and overlapping debt	<u><u>\$153,747,596</u></u>		<u><u>\$44,498,196</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 \$477,596.

<sup>(2)</sup>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 2020

Estimated Market value	822,147,100
Debt limit percentage*	3%
Debt limit amount	<u>24,664,413</u>
Debt applicable to limit:	
Lease revenue bonds	-
General obligation bonds	<u>12,429,876</u>
	12,429,876
Less:	
Cash and equivalents in G.O. Bond Debt Service Funds	<u>(2,427,825)</u>
Total net debt applicable to limit	<u>10,002,051</u>
Legal debt margin	<u><u>\$14,662,362</u></u>

Legal Debt Margin Calculation for Fiscal Years 2011 Through 2020

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
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
2020	11,390	24,664,413	10,002,051	14,662,362	40.55%	878.14

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	
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%
2020	192,629	1,505,000	256,638	10.93%	228,705	30,000	19,706	466.02%

Special assessment collections do not include prepayments.

Excludes component units.



**CITY OF GRAND RAPIDS, MINNESOTA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

**Table 15**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	10,869	Information Not Available		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%
2020	11,390			7.52%

Source: Minnesota Department of Employment and Economic Development

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

**Table 16**

Taxpayer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318(1)	1,205	1	12.83%	675	1	6.99%
Grand Itasca Clinic & Hospital	680	2	7.24%	617	2	6.39%
Itasca County	431	3	4.59%	310	5	3.21%
UPM Blandin Paper Mill	400	4	4.26%	460	3	4.76%
Northland Counseling Center, Inc	250	5	2.66%			
Arrowhead Promo & Fulfillment	220	6	2.34%	349	4	3.61%
ASV Inc.(3)	190	7	2.02%	225	8	2.33%
Wal-Mart	183	8	1.95%	300	6	3.11%
City of Grand Rapids(1)	180	9	1.92%	195	7	2.02%
Grand Village Nursing Home(2)	150	10	1.60%	195	9	2.02%
L&M Fleet Supply				120	10	1.24%
Total	3,889		41.42%	3,446		35.69%
All other employers	5,500		58.58%	6,209		64.31%
Total	9,389		100.00%	9,655		100.00%

Source: Minnesota Department of Employment and Economic Development

Source: ReferenceUSA, written and telephone survey (June 2020).

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

(2) Formerly known as Itasca County Nursing Home.

(3) Formerly Terex Corp., Inc.

**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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Administration	4.25	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00
Finance	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community development	4.05	4.05	4.05	4.05	4.05	4.55	4.55	4.55	5.55	5.55
Engineering	2.45	2.45	2.45	2.45	2.45	2.45	3.45	3.45	4.45	4.45
Information technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police officers and dispatchers	20.50	21.50	21.50	22.50	22.50	22.50	25.50	26.50	27.50	27.70
Public works	14.00	14.00	14.00	14.00	14.00	14.00	16.00	17.00	18.00	20.00
Parks and recreation	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	2.00
Library	8.75	8.75	8.75	8.75	8.75	8.50	8.50	8.50	8.50	6.50
Golf course	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Total	65.00	65.75	66.75	67.75	67.75	68.00	74.00	73.00	79.00	78.20

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**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Police:</b>										
Physical and sexual assaults	405	449	605	460	441	346	145	218	230	231
Parking citations	849	579	537	314	239	208	590	487	451	370
DUI arrests	171	199	135	211	117	110	94	72	73	52
Traffic citations	2,588	2,764	2,113	1,544	2,175	1,579	1,366	1232	1381	863
Accidents	569	536	543	568	495	451	416	535	412	320
<b>Fire:</b>										
Emergency responses	166	200	174	138	167	182	212	146	199	203
Haz-Mat responses	4	4	14	36	53	17	13	3	0	1
Inspections	112	69	62	100	55	6	5	8	19	28
<b>Community development:</b>										
Permits issued:										
Commercial	120	133	138	96	110	120	153	120	107	113
Governmental	14	14	16	25	20	29	22	12	12	13
Residential	386	495	442	373	401	405	382	393	442	386
<b>Public works:</b>										
Streets swept (miles)	93	93	93	93	93	93	93	93	94	94
Roads (miles)	93	93	93	93	93	93	93	93	94	94
Streetlights	1,321	1,321	1,326	1,325	1,325	1,325	1,578	1584	1630	1624
<b>Parks and recreation:</b>										
Playgrounds	10	10	10	10	11	11	11	11	11	11
Baseball/softball fields	7	7	7	7	7	7	7	7	7	7
Soccer fields	3	3	3	3	3	3	3	2	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
<b>Library:</b>										
Volumes in collection	79,400	79,866	75,343	75,173	75,751	74,541	70,991	73,332	74,073	73,670
Total volumes borrowed	187,569	187,035	183,311	172,438	173,954	163,483	160,089	183,169	191,876	98,190
<b>Golf course:</b>										
Number of passes sold										
Junior*	115	64	57	59	77	57	46	42	40	62
Young adult*	27	38	18	14	15	12	11	11	10	34
Single	129	120	106	110	107	128	113	99	101	101
Family	80	79	63	63	74	63	60	64	62	48

\*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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	22	20	20
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets maintained	93	93	93	93	93	95	95	95	95	94
Miles of sidewalks maintained	91	91	91	91	100	103	103	104	103	48
Miles of curbs and gutters maintained	112	112	112	112	112	113	113	113.5	113	113
Parks and recreation:										
Community parks and playgrounds	24	24	24	24	26	25	25	25	25	25
Total acres	227	227	227	227	350	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, 2020

	Interest Rates	Issue Date	Final Maturity Date
General Obligation Tax Increment Bonds:			
Refunding TIF Bonds Series 2017B	4.20 - 4.60	12/28/2017	2/1/2034
Total General Obligation Tax Increment Bonds			
General Obligation Improvement Bonds:			
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022
Improvement Bonds of 2009C	1.85 - 4.3	9/1/2009	2/1/2025
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027
Improvement Bonds of 2013A	.30 - 1.35	5/8/2013	2/1/2021
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030
Improvement Refunding Bonds of 2017B	2.3 - 3.0	12/28/2017	2/1/2034
Total General Obligation Improvement Bonds			
Other General Obligation Debt:			
Street Reconstruction Bonds of 2013B	3.00-3.50	9/1/2013	2/1/2029
Street Reconstruction Bonds of 2016A	0.850 - 2.2	10/5/2016	2/1/2032
Street Reconstruction Bonds of 2017A	3.0 - 3.45	9/7/2017	2/1/2033
Street Reconstruction Bonds of 2018A	3.0 - 3.25	10/18/2018	2/1/2034
G.O. Bonds of 2019A	2.0 - 3.0	9/5/2019	2/1/2035
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036
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
Note payable - Blandin	0.00	4/1/2020	10/1/2026
Note payable - Blandin	0.00	4/1/2020	10/1/2026
Revenue Bonds and Notes (Public Utilities):			
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029
Taxable G.O. Wastewater Revenue Bonds of 2011A	0.60-3.50	7/25/2011	12/1/2021
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033
Taxable G.O. Utility Revenue Bonds of 2013C	2.00-4.50	9/1/2013	2/1/2029
Equipment Lease	2.64	10/15/2015	10/15/2025
Total Revenue Bonds (Public Utilities)			
Total bonded indebtedness			

## Exhibit 1

Prior Years		Payable 01/01/20	2020		Payable 12/31/2020	Due in 2021	
Original Issue	Payments		Issued	Payments		Principal	Interest
705,000	25,000	680,000	-	30,000	650,000	35,000	18,100
705,000	25,000	680,000	0	30,000	650,000	35,000	18,100
1,150,000	925,000	225,000	-	75,000	150,000	75,000	4,613
4,565,000	2,515,000	2,050,000	-	320,000	1,730,000	325,000	80,964
1,115,000	690,000	425,000	-	55,000	370,000	60,000	11,575
1,555,000	940,000	615,000	-	105,000	510,000	70,000	13,660
2,245,000	845,000	1,400,000	-	145,000	1,255,000	145,000	34,100
4,175,000	1,835,000	2,340,000	-	275,000	2,065,000	280,000	42,908
1,525,000	1,155,000	370,000	-	195,000	175,000	175,000	1,181
3,000,000	920,000	2,080,000	-	245,000	1,835,000	205,000	40,770
2,215,000	440,000	1,775,000	-	440,000	1,335,000	440,000	33,450
21,545,000	10,265,000	11,280,000	0	1,855,000	9,425,000	1,775,000	263,221
4,025,000	1,150,000	2,875,000	-	255,000	2,620,000	260,000	79,488
2,170,000	245,000	1,925,000	-	130,000	1,795,000	135,000	35,210
2,130,000	90,000	2,040,000	-	120,000	1,920,000	125,000	58,800
1,960,000	-	1,960,000	-	90,000	1,870,000	115,000	55,513
1,585,000	-	1,585,000	-	-	1,585,000	70,000	38,980
-	-	-	2,275,000	-	2,275,000	-	29,454
11,870,000	1,485,000	10,385,000	2,275,000	595,000	12,065,000	705,000	297,445
136,444	122,800	13,644	-	13,644	-	-	-
100,000	-	100,000	-	-	100,000	-	-
350,000	70,000	280,000	-	17,500	262,500	17,500	-
175,000	56,827	118,173	-	16,633	101,540	31,862	-
293,000	-	293,000	-	8,422	284,578	16,486	2,805
90,000	26,100	63,900	-	8,863	55,037	8,951	550
-	-	-	550,000	-	550,000	97,066	-
-	-	-	100,000	-	100,000	11,077	-
26,370,232	11,265,232	15,105,000	-	1,324,000	13,781,000	1,362,000	348,206
3,965,000	2,985,000	980,000	-	480,000	500,000	500,000	8,750
2,025,000	560,000	1,465,000	-	95,000	1,370,000	100,000	34,936
2,305,000	615,000	1,690,000	-	140,000	1,550,000	145,000	121,026
1,832,571	611,531	1,221,040	-	256,748	964,292	230,395	25,711
36,497,803	16,036,763	20,461,040	0	2,295,748	18,165,292	2,337,395	538,629
<u>\$71,762,247</u>	<u>\$28,087,490</u>	<u>\$43,674,757</u>	<u>\$2,275,000</u>	<u>\$4,840,810</u>	<u>\$41,108,947</u>	<u>\$4,927,194</u>	<u>\$1,120,750</u>

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**CITY OF GRAND RAPIDS, MINNESOTA**  
DEBT SERVICE PAYMENTS TO MATURITY  
GENERAL OBLIGATION BONDS  
December 31, 2020

**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	Street Reconstruction Bonds Series 2020A	Total
Bonds payable	\$650,000	\$2,620,000	\$1,795,000	\$1,920,000	\$1,870,000	\$1,585,000	\$2,275,000	\$12,715,000
Future interest payable	146,803	493,331	268,970	493,387	487,719	334,144	487,719	2,712,073
Totals	<u>\$796,803</u>	<u>\$3,113,331</u>	<u>\$2,063,970</u>	<u>\$2,413,387</u>	<u>\$2,357,719</u>	<u>\$1,919,144</u>	<u>\$2,762,719</u>	<u>\$15,427,073</u>
Payments to maturity:								
2021	\$53,100	\$339,488	\$170,210	\$183,800	\$170,512	\$108,980	\$29,454	\$1,055,544
2022	52,050	331,688	167,510	180,050	167,062	126,580	163,613	1,188,553
2023	55,925	333,738	169,760	181,225	168,537	123,880	171,013	1,204,078
2024	49,800	335,487	166,960	182,250	164,937	126,105	173,262	1,198,801
2025	53,815	336,938	169,110	183,125	166,262	123,255	170,462	1,202,967
2026	52,895	337,712	171,160	183,850	167,438	130,255	172,612	1,215,922
2027	56,918	332,881	168,160	179,500	163,538	127,105	169,712	1,197,814
2028	55,725	337,325	170,110	179,963	164,563	128,880	171,762	1,208,328
2029	59,300	340,863	167,010	180,159	165,438	126,130	173,713	1,212,613
2030	62,725	-	168,860	180,118	161,238	128,880	170,613	872,434
2031	56,150	-	170,445	179,754	156,950	126,580	173,102	862,981
2032	59,575	-	166,815	179,058	162,419	129,170	171,103	868,140
2033	62,850	-	-	178,063	157,638	126,650	173,908	699,109
2034	65,975	-	-	-	162,600	124,070	171,515	524,160
2035	-	-	-	-	-	126,375	168,999	295,374
2036	-	-	-	-	-	-	171,360	171,360
	<u>\$796,803</u>	<u>\$3,026,119</u>	<u>\$2,026,110</u>	<u>\$2,350,912</u>	<u>\$2,299,132</u>	<u>\$1,882,895</u>	<u>\$2,596,203</u>	<u>\$14,978,174</u>

**CITY OF GRAND RAPIDS, MINNESOTA**  
**DEBT SERVICE PAYMENTS TO MATURITY**  
**GENERAL OBLIGATION IMPROVEMENT BONDS**  
December 31, 2020

	2007B Improvement Bonds	2009C Improvement Bonds	2010A Improvement Bonds	2011B Improvement Refunding Bonds
Bonds payable	\$150,000	\$1,730,000	\$370,000	\$510,000
Future interest payable	13,801	327,269	52,764	70,543
Totals	<u>\$163,801</u>	<u>\$2,057,269</u>	<u>\$422,764</u>	<u>\$580,543</u>
Payments to maturity:				
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>\$156,151</u>	<u>\$1,960,501</u>	<u>\$409,461</u>	<u>\$564,914</u>

2012A Improvement Bonds	2012B Improvement Bonds	2013A Improvement Bonds	2014A Improvement Bonds	2017B Improvement Refunding Bonds	Total
\$1,255,000	\$2,065,000	\$175,000	\$1,835,000	1,335,000	\$9,425,000
215,502	221,090	4,665	266,099	\$65,625	1,237,358
<u>\$1,470,502</u>	<u>\$2,286,090</u>	<u>\$179,665</u>	<u>\$2,101,099</u>	<u>1,400,625</u>	<u>\$10,662,358</u>
\$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>\$1,432,560</u>	<u>\$2,238,601</u>	<u>\$176,181</u>	<u>\$2,057,005</u>	<u>\$1,400,625</u>	<u>\$10,395,999</u>

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**CITY OF GRAND RAPIDS, MINNESOTA**  
**TAXABLE VALUATIONS**  
December 31, 2020

**Exhibit 4**

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	2021 Tax Capacity Values	2020 Tax Capacity Values
Taxable valuations:		
Real estate	\$8,963,091	\$8,963,091
Personal property	784,292	789,321
Net tax capacity	9,747,383	9,752,412
Less: Captured tax increment value	(172,874)	(167,356)
Fiscal disparities contributions	(1,094,170)	(1,152,780)
Taxable net tax capacity	<u>\$8,480,339</u>	<u>\$8,432,276</u>

CITY OF GRAND RAPIDS, MINNESOTA  
SCHEDULE OF DEFERRED TAX LEVIES  
GENERAL OBLIGATION BONDS  
December 31, 2020

Year of Levy/ Collection	Supplemental Improvement Bond Levy <sup>(1)</sup>	\$4,565,000 Improvement Bonds Series 2009C <sup>(2)</sup>	\$1,750,000 Improvement and CIP Bonds Series 2010A	\$1,555,000 Improvement & Refunding Bonds Series 2011B	\$2,245,000 Improvement Bonds Series 2012A	\$4,025,000 Improvement Bonds Series 2013B
2020/2021	(\$125,000)	\$308,262	\$57,130	\$56,943	\$131,341	\$102,160
2021/2022	(105,000)	303,548	55,611	55,779	133,284	104,470
2022/2023	(105,000)	303,716	53,936	54,615	129,704	106,465
2023/2024	(105,000)	303,165	57,510	58,407	124,414	108,145
2024/2025	(75,000)	-	55,486	56,792	124,376	109,510
2025/2026	(75,000)	-	-	60,309	124,165	104,522
2026/2027	(50,000)	-	-	-	123,784	109,864
2027/2028	(10,000)	-	-	-	-	113,854
2028/2029	-	-	-	-	-	-
2029/2030	-	-	-	-	-	-
2030/2031	-	-	-	-	-	-
2031/2032	-	-	-	-	-	-
2032/2033	-	-	-	-	-	-
2033/2034	-	-	-	-	-	-
2034/2035	-	-	-	-	-	-
	(\$650,000)	\$1,218,691	\$279,673	\$342,845	\$891,068	\$858,990

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

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

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

\$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 <sup>(3)</sup>	\$1,960,000 GO Street Reconst Bonds Series 2018A	\$1,585,000 Improvement Bonds Series 2019A	\$2,275,000 GO Street Reconst Bonds Series 2020A	Total
\$232,886	\$149,344	\$167,933	\$223,549	\$139,995	\$80,969	\$155,000	\$1,680,512
234,356	151,759	169,245	186,807	142,454	131,492	163,852	1,727,657
235,301	148,818	170,400	68,448	139,506	133,907	166,452	1,606,268
235,700	151,129	171,398	-	141,808	130,914	163,696	1,541,286
162,032	153,334	172,237	-	143,953	138,421	166,191	1,207,332
163,345	150,184	167,670	-	140,690	135,114	163,331	1,134,330
164,363	152,284	168,353	-	142,677	137,057	165,720	1,114,102
165,077	149,029	168,641	-	144,507	133,591	168,005	1,032,704
165,476	151,024	168,765	-	140,929	136,532	164,935	927,661
-	152,914	168,555	-	137,351	134,116	167,115	760,051
-	149,102	168,001	-	144,089	136,952	165,283	763,427
-	-	167,093	-	139,999	134,305	168,534	609,931
-	-	-	-	146,213	131,660	166,293	444,166
-	-	-	-	-	134,137	163,879	298,016
-	-	-	-	-	-	166,628	166,628
<u>\$1,758,536</u>	<u>\$1,658,921</u>	<u>\$2,028,291</u>	<u>\$478,804</u>	<u>\$1,844,171</u>	<u>\$1,829,167</u>	<u>\$2,474,914</u>	<u>\$15,014,071</u>

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**CITY OF GRAND RAPIDS, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2020

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

We have substantially completed the 2020 audit of the financial statements of the City of Grand Rapids, Minnesota (the City) and the Economic Development Authority (EDA). The Public Utilities Commission (PUC) is considered a "component unit" of the City. As such, the financial statements of the PUC are included in the City's Annual Financial Report. The audit of the PUC will be completed in May. Therefore, we have issued draft financial statements pending completion of the PUC audit.

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

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

April 16, 2021

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**REPORT SUMMARY**

Several reports are issued in conjunction with the audit. The Comprehensive Annual Financial Report and Report on Internal Control and Legal Compliance Report have been issued in draft form. Accounting standards require the financial statements of the Public Utilities Commission be included in the City's financial statements. At the time of issuance of this Management Letter, the PUC's audited financial statements were not available. Upon the issuance of the PUC's financial statements, the City's financial statements will be updated and issued in final form. A summary is as follows:

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

*Governmental Accounting and Financial Reporting*

**EXECUTIVE SUMMARY**

Several areas highlighted for your reference include the following:

**Awards:**

- The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the past 28 years. Page 6

**Key Financial Indicators:**

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

**For the Future:**

- We recommend the City continue to monitor actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds. Page 26
- Governmental accounting standards affecting future years are summarized. Page 34

Required auditor communications are included in this report. Page 35

**GOVERNMENT ACCOUNTING VS. PRIVATE SECTOR ACCOUNTING**

The City's financial statements are presented in a format that is significantly different than financial statements of a private business.

The key differences that impact accounting and financial reporting include the following:

- A. Service motive vs. profit motive
- B. Stewardship vs. return on investment
- C. Appropriated budget vs. financial plan

**Service Motive vs. Profit Motive**

In the private-sector, there generally is a direct relationship between what an individual pays and what that same individual receives. A customer that purchases two rolls of paper from Blandin Paper would expect to pay more than a customer purchasing one roll of paper. This is referred to as an "exchange-type" transaction.

The situation is different for most goods and services provided by the . Generally, there is not a direct relationship between what a resident pays in taxes and the specific services that same resident receives from the City. This is referred to as a "non-exchange" transaction.

**Stewardship vs. Return on Investment**

Users of private-sector financial statements are investors and creditors. Investors interested in financial information that enables them to evaluate a business's ability to generate a return on their investment. Stock holders are concerned about earnings and earnings per share.



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*Governmental Accounting and Financial Reporting*

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Citizens and creditors of the City need financial information that allows them to assess the City's stewardship of the financial resources provided. In other words, the financial statements need to demonstrate accountability. This accountability is a foundation of fund accounting. Maintaining separate funds demonstrates accountability to taxpayers, creditors and grantors.

**Budget vs. Financial Plan**

Budgets are prepared by both private sector businesses and governments. The private-sector budgets often serve as a management tool for financial planning. In a government, a budget serves as authorization to spend resources for the provision of goods and services. For the City of Grand Rapids, there are annual budgets and project budgets. The Annual Budget Report includes the budget for thirteen individual funds. Additionally, the budget process uses multiple internal meetings, several meetings with the City Council, and public meetings.

**Summary**

Financial reporting of budgetary performance serves as an accountability/compliance tool for the City Council and taxpayers.

In summary, the City's financial statements serve to demonstrate accountability and compliance to taxpayers, creditors and grantors of council action, regulations, and grant agreements.



**NATIONAL RECOGNITION FOR  
EXCELLENCE IN FINANCIAL REPORTING**

The "Certificate of Achievement for Excellence in Financial Reporting" is an award program offered by the Government Finance Officers Association of the United States and Canada (GFOA).

This Award Program has three key objectives:

- Recognize governments that issue a high-quality Financial Report.
- Easily readable and understandable Financial Report.
- Providing educational materials, comments, and suggestions for improvements to program participants.

The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for twenty-eight consecutive years (every year since 1992).



Government Finance Officers Association

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

Presented to

**City of Grand Rapids  
Minnesota**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*  
Executive Director/CEO

**FINANCIAL REPORTING ENTITY**

The Governmental Accounting Standards Board (GASB) is the standard setting body for accounting principles and financial reporting. The foundation of financial reporting is the distinction between the *primary government* and *component units*.

A primary government consists of all organizations that make up its legal entity. Characteristics of a primary government are a) it has a separately elected governing body, b) it is legally separate, and c) it is fiscally independent of other governments. All funds, organizations, institutions, agencies and departments that are not legally separate are, for financial reporting purposes, part of a primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

The City's finance department has evaluated all of the entities related to the City. A summary of this analysis is as follows:

Entity	Relationship
Library Board	Part of Primary Government
Arts and Culture Advisory Board	Part of Primary Government
Pokegama Golf Course Board	Part of Primary Government
Civic Center/Park & Recreation Board	Part of Primary Government
Human Rights Commission	Part of Primary Government
Planning Commission	Part of Primary Government
Public Utilities Commission	Component Unit – included in Financial Report
E.D.A.	Component Unit – included in Financial Report
H.R.A.	Excluded - Related Organization
Fire Relief Association	Excluded

*Fund Financial Statements***ACCOUNT BALANCE ANALYSIS OF THE FUND FINANCIAL STATEMENTS****Summary of Financial Activity**

The schedule below presents a condensed financial summary of all funds:

<u>Fund Type</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers (Net)</u>	<u>Increase (Decrease) in Fund Balance</u>	<u>Fund Balance 12/31/2020</u>	<u>Cash Balance 12/31/2020</u>
<b>General Fund</b>	\$11,251,000	\$10,012,000	(\$518,000)	\$721,000	\$7,342,000	\$5,852,000
<b>Special Revenue Funds</b>	2,118,000	2,134,000	111,000	95,000	888,000	957,000
<b>Debt Service Funds</b>	2,867,000	3,303,000	145,000	(291,000)	6,653,000	6,743,000
<b>Capital Project Funds</b>	7,378,000	7,986,000	262,000	(346,000)	1,025,000	2,876,000
<b>Enterprise Funds</b>	<u>1,404,000</u>	<u>1,305,000</u>	<u>-</u>	<u>99,000</u>	<u>2,981,000</u>	<u>502,000</u>
<b>Total</b>	<u>\$25,018,000</u>	<u>\$24,740,000</u>	<u>\$ -</u>	<u>\$278,000</u>	<u>\$18,889,000</u>	<u>\$16,930,000</u>

Additional detail by fund is presented on the next page.



# City of Grand Rapids, Minnesota

## Audit Management Letter

### Fund Financial Statements

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



## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Property Taxes*

#### **Property Taxes**

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

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

*Special Assessments***Special Assessments**

Special assessment collections have been as follows:

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

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

## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Net Pension Liability*

#### **Pension Liability**

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

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

**GENERAL FUND**

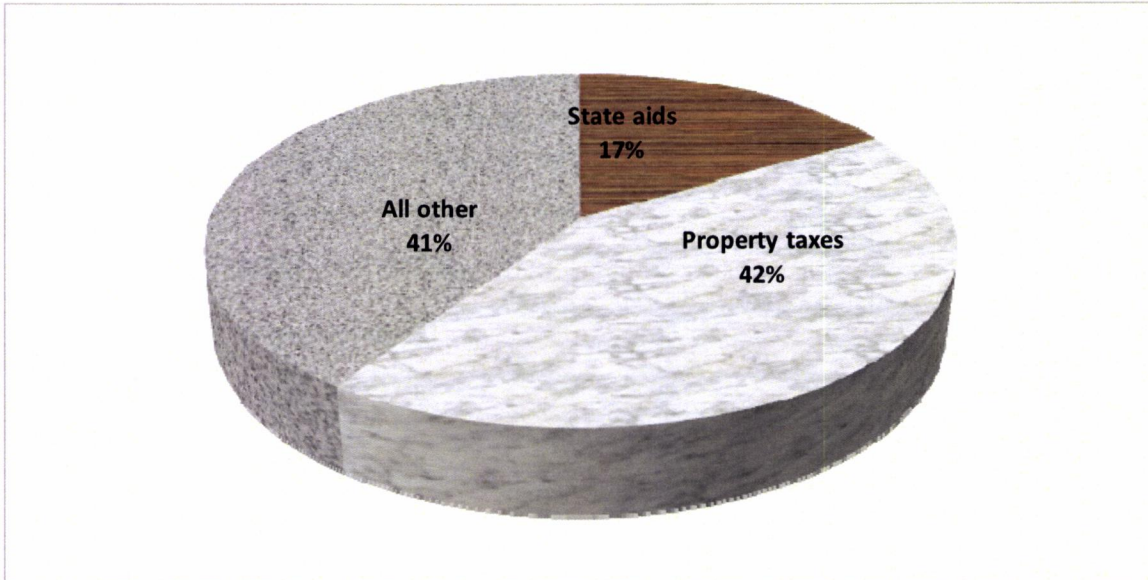
The General Fund of the City is maintained to account for the current operating and capital outlay expenditures common to all cities. These basic services include (but are not limited to) public safety, public works, parks, culture and recreation and general government. A summary of the revenue sources of the General Fund of the City of Grand Rapids is as follows:

<b>General Fund Revenue By Source</b>								
Year	Property Taxes		State Tax Relief (LGA, MVHC and Supplemental Aid)		All Other Revenue <sup>(1)</sup>		Total Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2011	\$3,403,815	46%	\$1,288,735	18%	\$2,431,938	36%	\$7,124,488	100%
2012	3,666,921	46%	1,220,693	16%	2,838,309	38%	7,725,923	100%
2013	3,677,404	46%	1,214,925	16%	2,914,954	38%	7,807,283	100%
2014	3,622,374	44%	1,507,585	18%	3,032,665	38%	8,162,624	100%
2015	3,946,640	47%	1,556,892	18%	2,942,815	35%	8,446,347	100%
2016	4,156,865	48%	1,587,017	18%	2,847,848	34%	8,591,730	100%
2017	4,358,987	48%	1,582,391	18%	3,060,521	34%	9,001,899	100%
2018	4,330,676	47%	1,671,022	18%	3,241,955	35%	9,243,653	100%
2019	4,642,474	48%	1,668,617	17%	3,350,091	35%	9,661,182	100%
2020	4,719,439	43%	1,854,693	17%	4,475,527	41%	11,049,659	101%

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



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



*General Fund*

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

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

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

Revenue:

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

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

Expenditures:

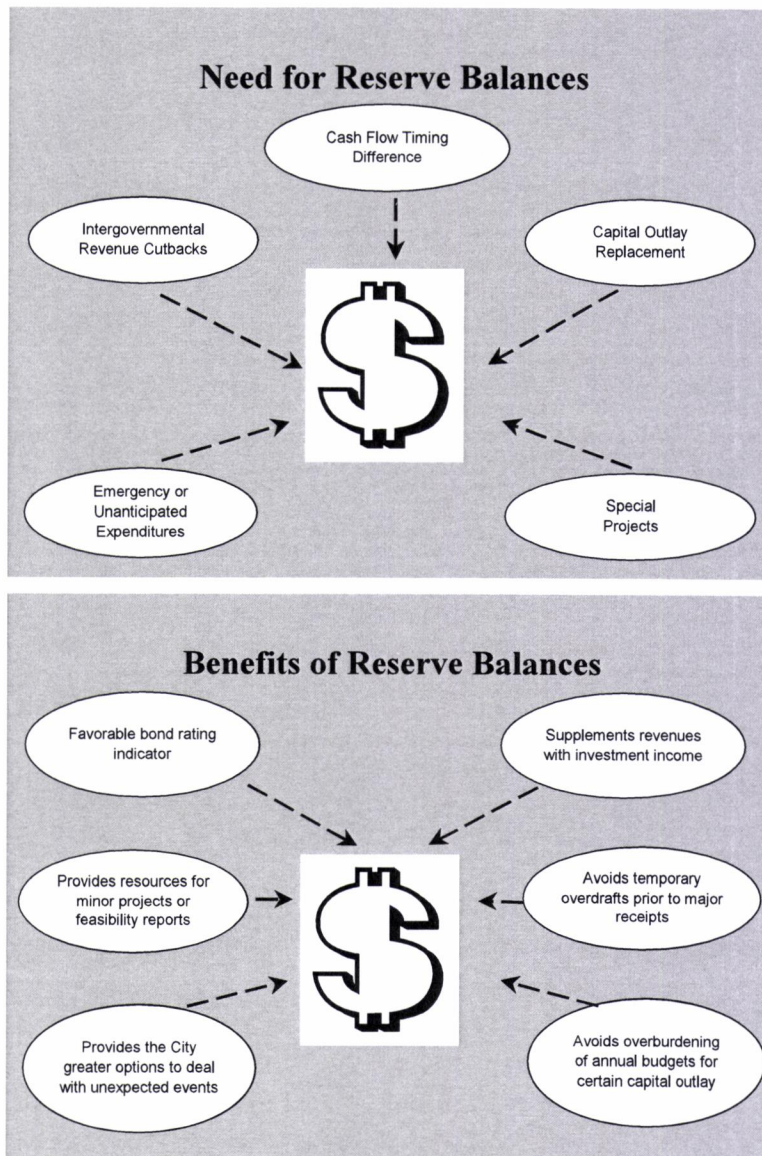
**City-wide** – had an unfavorable budget variance of \$923,000. The city provided the EDA with CARES money totaling \$411,000 and purchased a wastewater treatment upgrade and smart boards totaling \$159,000.

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

<b>General Fund Balance</b>		
<u>Year</u>	<u>Amount<sup>(1)</sup></u>	<u>Increase (Decrease)<sup>(1)</sup></u>
2011	\$5,021,000	\$80,000
2012	5,516,000	495,000
2013	5,497,000	(19,000)
2014	5,651,000	154,000
2015	6,001,000	350,000
2016	6,239,000	238,000
2017	6,271,000	32,000
2018	6,219,000	(52,000)
2019	6,621,000	402,000
2020	7,342,000	721,000
<sup>(1)</sup> Rounded to nearest thousand		

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

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





Summary of General Fund Balance

The City has a policy regarding General Fund Reserve Balances (Resolution 11-110).  
The City's policy for reserves in the General Fund is:

*Minimum cash flow* – to equal 50% of the following year's General Fund property tax and anticipated local government aids.

*Compensated absences* – equal to the sum of flexible time off and compensatory time for all employees each December 31.

*Emergency or unanticipated expenditures* – equal to 10% of the prior year General Fund annual revenues.

*Neighborhood and economic development* – equal to the principal amount of the sale of the liquor store.

At December 31, 2020, the unassigned fund balance of the General Fund available for reserves was \$4,909,111, compared to its targeted balance of \$6,038,082. See schedule on next page.

In addition, the City has established a specified amount of General Fund balance for revenue stabilization, which is reported as committed fund balance. When sufficient reserves exist, the amount committed is equal to 10% of the prior year annual revenues.

**City of Grand Rapids, Minnesota**

## Audit Management Letter

*General Fund*

At December 31, 2020, the fund balance of the General Fund was as follows:

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

*Special Revenue Funds*
**SPECIAL REVENUE FUNDS**

Special Revenue Funds are a classification of funds to account for revenues (and expenditures related thereto) segregated by City policy or Federal or State statutes for specific purposes. The City maintained the following Special Revenue Funds during 2020:

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

*Special Revenue Funds***Public Library**

Approximately 60% of the funding of library operations is from property taxes and state aids which are not received until the second-half of the year. Therefore, like the General Fund, a portion of the fund balance is required for cash flow purposes. In response to this circumstance, the Library Board adopted resolution 2012-12 amending the fund balance policy. A summary of Public Library Fund balance at December 31, 2020 is as follows:

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

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



## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Special Revenue Funds*

#### **IRA Civic Center**

A summary of activity of this Fund is as follows:

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

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

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

**DEBT SERVICE FUNDS**

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards for fund financial statements do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City's Comprehensive Annual Financial Report, it is located in several separate sections. The following schedule extracts information from the Comprehensive Annual Financial Report to provide an overview analysis of long-term debt and its related funding.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Debt Service Funds

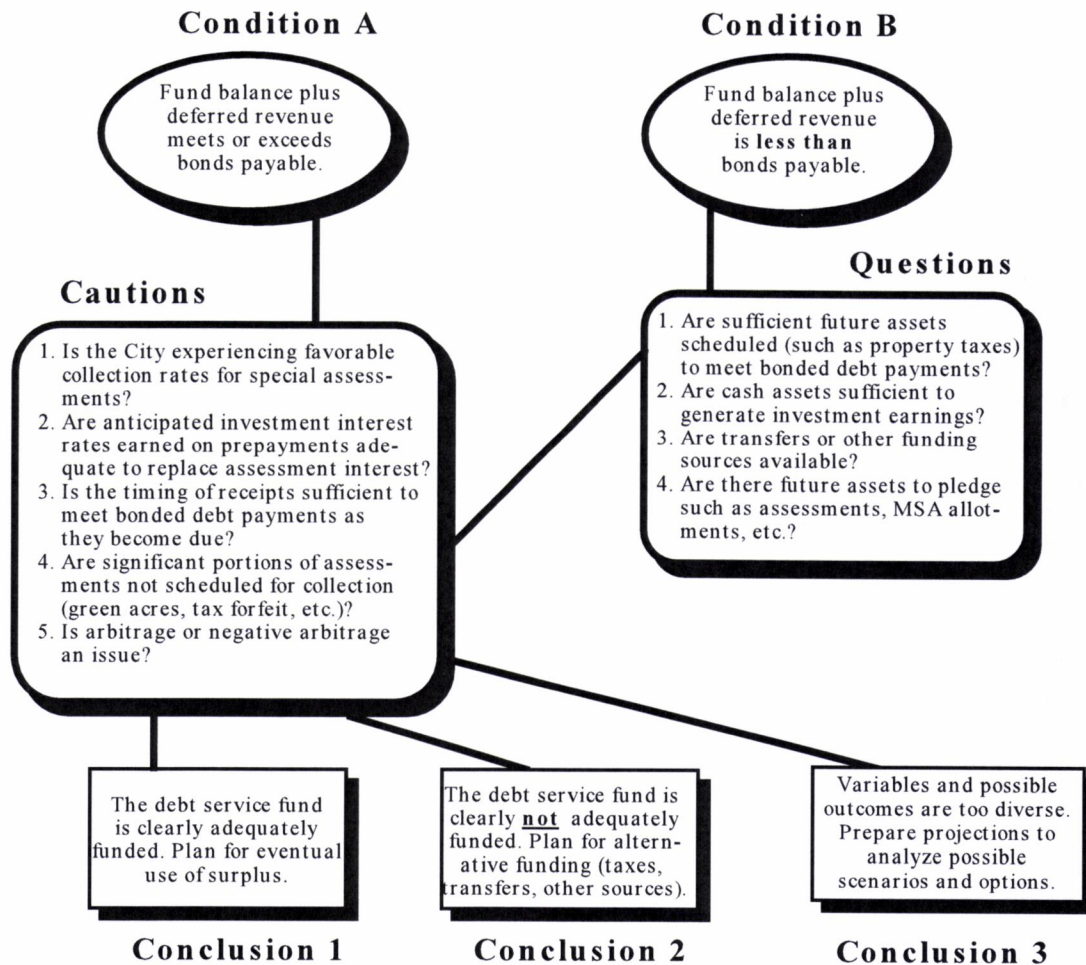
The reader is cautioned that 1) future interest revenue from assessments and investments, and 2) future interest expense on bonded debt, is not included in the following schedule.

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

(1) These are "Build America Bonds", the interest is subsidized by a federal credit.  
(2) To be paid by MSA allotments  
(3) This amount represents decreased levies which were approved to eliminate projected cash surpluses in various Debt Service Funds

*Debt Service Funds*

The following decision chart prompts questions to further evaluate a fund's financial position:



We recommend the City continue to compare actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds and/or possibly reduce future tax levies.



**TAX INCREMENT DISTRICTS**

The City of Grand Rapids currently has the following tax increment districts:

- TIF 1-4      Oakwood Terrace
- TIF 1-6      Old Hospital Housing
- TIF 1-7      Block 37 Redevelopment
- TIF 1-8      Lakewood Heights
- TIF 1-10     River Hills Apartments

**Tax Increment 1-4 (Oakwood Terrace)**

The final payment on a pay-as-you-go note was made in 2006. The fund no longer has note or debt service payments and is collecting tax increment. Any extra tax increment from this district has been pledged to pay any shortfalls of TIF 1-6 (relating to the 2008A TIF Bonds only). This pledge was made because the owner of Oakwood Terrace is the same owner as the Old Hospital Housing.

**Tax Increment 1-6 (Old Hospital Housing)**

The district is divided into two main parcels:

1. Assisted Living Facility on the East Clinic site:
  - 2008 was the first year tax increment was received relating to this parcel.
  - The tax increment (90%) is used to make debt service payments on the \$850,000 G.O. TIF Bonds, 2008A. This bond issue was refunded by the 2017B Bonds.
2. Old hospital site was redeveloped into low to moderate income housing:
  - The old hospital was demolished in 2008. TIF Bond proceeds financed the demolition costs.
  - The tax increment derived from this site is used to make the debt service payments on the \$307,500 Tax Increment Revenue Notes, 2008B (paygo).
  - The outstanding balance of this note at December 31, 2020 was \$307,500.

## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Tax Increment Districts*

##### **Tax Increment 1-7 (Block 37 Redevelopment)**

The tax increment derived from this site is used to pay the \$389,300 2008A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. The outstanding balance of this note was \$389,300 at December 31, 2020.

##### **Tax Increment 1-8 (Lakewood Heights)**

The tax increment derived from this site are used to pay the \$350,000 2013A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. 2013 was the first year tax increment was received. The outstanding balance of this note was \$241,029 at December 31, 2020.

##### **Tax Increment 1-10 (River Hills)**

Tax increment derived from the district are used to pay the \$300,000 2016A TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$242,479 at December 31, 2020. In addition, tax increments derived from this district is used to pay the \$300,000 2017B TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$259,785 at December 31, 2020.

A Summary of the 2020 financial activity of the TIF funds is as follows:

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

*Capital Project Funds*

**CAPITAL PROJECT FUNDS**

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

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



**ENTERPRISE FUNDS**

The City maintains two Enterprise Funds, the Pokegama Golf Course and the Storm Water Utility Fund.

**Pokegama Golf Course Fund**

A summary of golf course operations for the preceding four years is as follows:

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

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

**Storm Water Utility Fund**

This Fund was established in 2004. The transfers out of the Fund are for the storm water utility's portion of infrastructure improvements made during the year.

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

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

There was no change in rates from 2018 to 2019. Rates for 2020 increased 13%.

**ECONOMIC DEVELOPMENT AUTHORITY**

This organization was established and began operations in 1987 pursuant to Minnesota Statute 458C (subsequently amended and recodified). During 1994, the City adopted resolution 94-164 which modified the previous enabling resolution to refer to current statutory authority for EDA's as contained in Chapter 469 of Minnesota Statutes. Among other things, this resolution impacted the financial reporting of the EDA. The EDA is reported as a discrete component unit, similar to the Public Utilities Commission.

Fund balances of EDA funds are as follows:

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

Capital Project expenditures for 2020 include the following:

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

## City of Grand Rapids, Minnesota

### Audit Management Letter

#### *Economic Development Authority*

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

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

The EDA also has inventory of Land Held for resale in the amount of \$2,995,877. A summary of these assets are as follows:

Industrial park East	\$274,500
Airport South Industrial Park - Phase 1	162,212
Airport South Industrial Park - Phase 2	197,739
Airport properties	576,344
Manufacturing Hangar	580,000
Great River Acres	679,180
Block 5	258,602
Blocks 20 and 21	267,300
	<u>\$2,995,877</u>



**ACCOUNTING STANDARDS**

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

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

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have substantially completed the audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the for the year ended December 31, 2020. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting standards were required to be implemented by the City of Grand Rapids in 2020.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimation of the factors relating to the Actuarial Accrued Liability related to OPEB, and the net pension liability and the pension related deferred inflows and outflows. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 8 – Defined Benefit Pension Plans.

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

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

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements that have an effect on our opinion on the financial statements. There were no corrected misstatements identified during the audit.



**Disagreements with Management**

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

**Management Representations**

We will be requesting certain representations from management that are included in the management representation letter.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



**Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison information, Schedule of Changes in total OPEB Liability and related ratios and The Schedules of Proportionate Share of Pensions Liability and Pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on that RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, statistical section and other information section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the information and use of the City Council and Management of the and is not intended to be, and should not be, used by anyone other than these specified parties.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2020, 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 May 25, 2021. 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.

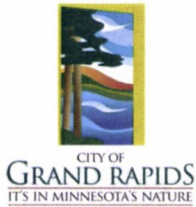
*Redpath and Company, LTD.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

May 25, 2021



**ITEM # 11**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider accepting low quote for Sophos Intercept X security software from SHI International and authorize payment.  
**PREPARED BY:** Erik Scott

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**BACKGROUND:**

The IT Department has identified the need to update our endpoint security systems in an attempt to stay ahead of the rapidly evolving global cyber threats. We evaluated three different security suites that we identified as the market leaders. Sophos Intercept X was not only the low quote, but also the product that we favored after our evaluation. Sophos has offered us a license at a cost of \$6,257.65/year for 3 years. This expense would be taken from the IT operating budget.

**ATTACHMENTS:**

Sophos Intercept X 3yr.pdf

CrowdStrike Falcon Endpoint 1yr.pdf

VMWare Carbon Black 1yr.pdf

**REQUESTED COUNCIL ACTION:**

Make a motion accepting the low quote for Sophos Intercept X from SHI International and authorize payment.



Pricing Proposal  
Quotation #: 20651808  
Created On: 6/23/2021  
Valid Until: 6/30/2021

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## MN CITY OF GRAND RAPIDS

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### Erik Scott

420 N POKEGAMA AVE  
ATTN:ACCTS PAYABLE  
GRAND RAPIDS, MN 55744  
United States  
Phone: 2183267600  
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Email: escott@ci.grand-rapids.mn.us

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## Inside Account Executive

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### Christopher Owens

290 Davidson Ave  
Somerset, NJ 08873  
Phone: 732-868-8849  
Fax: 732-  
Email: christopher\_owens@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Sophos Central Intercept X Advanced with EDR - 100-199 Users - 36 Months - Government - Competitive Upgrade Sophos - Part#: CAEH3GSCU Coverage Term: 6/30/2021 – 6/29/2024	165	\$76.55	\$12,630.75
2 Sophos Central Intercept X Advanced for Server with EDR - 25-49 Servers - 36 Months - Government Sophos - Part#: CSIF3GSAA Coverage Term: 6/30/2021 – 6/29/2024	30	\$204.74	\$6,142.20
Subtotal			\$18,772.95
Total			\$18,772.95

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### Additional Comments

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Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

SHI International Corp. is 100% Minority Owned, Woman Owned Business.  
TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

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*The Products offered under this proposal are resold in accordance with the SHI Online Customer Resale Terms and Conditions, unless a separate resale agreement exists between SHI and the Customer.*



Pricing Proposal  
Quotation #: 20427108  
Created On: 5/4/2021  
Valid Until: 5/31/2021

## City of Grand Rapids

**Erik Scott**  
MN  
United States  
Phone: (218) 326-7618  
Fax:  
Email: Escott@ci.grand-rapids.mn.us

## Inside Account Executive

**Christopher Owens**  
290 Davidson Ave  
Somerset, NJ 08873  
Phone: 732-868-8849  
Fax: 732-  
Email: christopher\_owens@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Falcon Endpoint Protection Premium Bundle CrowdStrike - Part#: CS.EPPPREBDL.SOLN	203	\$65.37	\$13,270.11
2 Prevent CrowdStrike - Part#: CS.PREVENT.SOLN	203	\$0.00	\$0.00
3 Insight CrowdStrike - Part#: CS.INSIGHT.SOLN	203	\$0.00	\$0.00
4 Discover CrowdStrike - Part#: CS.DISC.SOLN	203	\$0.00	\$0.00
5 Falcon Device Control CrowdStrike - Part#: CS.DEVICE.SOLN	203	\$0.00	\$0.00
6 Falcon Firewall Management CrowdStrike - Part#: CS.FIREWALL.SOLN	203	\$0.00	\$0.00
7 Falcon X CrowdStrike - Part#: CS.FALCONX.SOLN	203	\$0.00	\$0.00
8 Overwatch CrowdStrike - Part#: CS.OW.SVC	203	\$0.00	\$0.00
9 Express Support CrowdStrike - Part#: RR.HOS.ENT.EXPS	1	\$1,779.06	\$1,779.06
10 Threat Graph Standard CrowdStrike - Part#: CS.TG.STD	203	\$7.66	\$1,554.98
11 University LMS Subscription New Customer Access Pass	1	\$0.00	\$0.00

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Subtotal	\$16,604.15
Total	\$16,604.15

**Additional Comments**

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Please Note: CrowdStrike has a zero returns policy.

The following bullets apply to all CrowdStrike items on this quote:

- All products and services are subject to the end user terms and conditions located at unless you and CrowdStrike have otherwise executed a different agreement
- This order is non-cancellable and non-refundable

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order.

SHI International Corp. is 100% Minority Owned, Woman Owned Business.  
TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

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*The Products offered under this proposal are resold in accordance with the SHI Online Customer Resale Terms and Conditions, unless a separate resale agreement exists between SHI and the Customer.*





Pricing Proposal  
Quotation #: 20548345  
Created On: 6/1/2021  
Valid Until: 6/27/2021

## MN CITY OF GRAND RAPIDS

### Erik Scott

420 N POKEGAMA AVE  
ATTN:ACCTS PAYABLE  
GRAND RAPIDS, MN 55744  
United States  
Phone: 2183267600  
Fax:  
Email: escott@ci.grand-rapids.mn.us

## Inside Account Executive

### Christopher Owens

290 Davidson Ave  
Somerset, NJ 08873  
Phone: 732-868-8849  
Fax: 732-  
Email: christopher\_owens@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 VMware Carbon Black Cloud Endpoint (SaaS) Standard 1 Year subscription (12 months prepaid) per Endpoint. For Windows systems with production support - US. VMware Inc. - VSEC-CBES-DIR-W-US-1Y-C VMware - Part#: VSCCBSDIRWUS1YC2-2	175	\$28.00	\$4,900.00
2 VMware Carbon Black Cloud Workload Advanced - 1 Year SaaS subscription (12 months prepaid) per CPU with production support - US. VMware Inc. - VSEC-WLAD-DIR-US-1Y-C VMware - Part#: VSEC-WLAD-DIR-US1Y-C-2	8	\$583.00	\$4,664.00
3 VMware Carbon Black Cloud-PS-Deploy and Get started with Workload Advanced VMware Inc. - VSEC-CB-CLDPS-DPY-GS-WADV VMware - Part#: VSEC-CB-CLDPSDPY-GS-W-ADV-2	1	\$8,256.00	\$8,256.00
Subtotal			\$17,820.00
Total			\$17,820.00

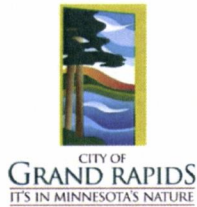
## Additional Comments

VMware production support now includes Skyline, a feature the helps avoid problems before they occur. You can register for the additional support [HERE](#)

Please note the following:

- 1) VMware EULA -- [VMware EULA](#)
- 2) VMware Does Not offer a standard return policy
- 3) Service offerings are non-refundable
- 4) PSO Credits are only active for 1 Year

## ITEM # 12



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Authorize the Chief of Police to sign the Interagency Agreement with Itasca County Sexual Assault Interagency Council, Support within Reach  
**PREPARED BY:** Steve Schaar

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#### **BACKGROUND:**

Sexual assaults are some of the most serious crimes that the Grand Rapids Police Department investigates. It takes the resources of the whole community to adequately address these crimes and care for victims.

A number of years ago agencies in Itasca County, including law enforcement, prosecution, medical facilities and sexual assault advocates came together, entering into an Inter-Agency Agreement in an effort to clarify roles and responsibilities in these investigations. This agreement is a way to describe roles and mutual expectations in order to maintain high quality, consistent responses over the long-term. This effort is coordinated through the Itasca County Sexual Assault Interagency Council, Support within Reach.

It is time to renew this agreement. Some of the changes have been made to the agreement to clarify that expectations are guidelines and specifying that the agreement will be reviewed every three years. City Attorney Sterle has reviewed the agreement.

#### **ATTACHMENTS:**

See attachment for the agreement

#### **REQUESTED COUNCIL ACTION:**

Make a motion authorizing the Grand Rapids Police Chief or his designee to sign the Itasca County Sexual Assault Interagency Council (ICSAIC) Agreement.





## **Itasca County Sexual Assault Interagency Council (ICSAIC) Interagency Agreement**

### **I. Partners**

Bigfork Valley Hospital, Bovey Police Department, Coleraine Police Department, Deer River Health Care Center, Inc. d/b/a Essentia Health Deer River, Deer River Police Department, First Call for Help, Grand Itasca Clinic and Hospital, Grand Rapids Police Department, Itasca County Attorney's Office, Itasca County Attorney's Office Victim Assistance Program, Itasca County Health & Human Services, Itasca County Probation, Itasca County SANE Program, Itasca County Sheriff's Office, Keewatin Police Department, Leech Lake Tribal Police, MN Department of Corrections, Nashwauk Police Department, and Support Within Reach.

### **II. History of ICSAIC**

Itasca County Sexual Assault Interagency Council (ICSAIC) was formed in 2001 to *"organize, implement and monitor an effective interagency and community response with provision of training to responders related to sexual violence; respectfully serving all victims and seeking justice."* ICSAIC developed guidelines to assist those who respond to sexual violence cases in Itasca County. The team has worked towards its purpose by developing and revising adult and pediatric sexual violence guidelines that are victim centered.

### **III. Interagency Agreement**

The participating entities share certain community goals and purposes in attempting to investigate, prosecute, and resolve cases of sexual violence. Each participating agency and organization recognizes the requirements to address the needs of sexual violence victims while fulfilling its mandated responsibilities. By combining our respective individual capabilities, each member agency seeks to increase the effectiveness of the response to sexual violence through the continued commitment to the Itasca County Sexual Assault Interagency Council, a community-wide multi-disciplinary, cooperative effort.

As participating agencies in the ICSAIC, we indicate a commitment to implementing and maintaining our work in the following ways:

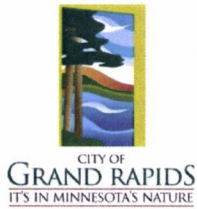
- Utilize Sexual Violence Justice Institute's 8-step guideline protocol development process in the ongoing work of ICSAIC.
  - 1. Inventory of existing services
  - 2. Victim experience survey

3. Community needs assessment
  4. Write guideline protocol
  5. Renew interagency agreements
  6. Train personnel
  7. Monitor guideline protocol implementation
  8. Evaluate the guideline protocol's effectiveness
- 
- Participate in monthly ICSAIC meetings to monitor guideline protocols, problem solving and case review, etc. keeping in mind that grant standards require a minimum of 10 meetings per year.
  - Maintain critical membership of the team.
  - Participate in ICSAIC planning and implementation.
  - Commit to positive, constructive problem solving for the benefit of the sexual assault victim and the community.
  - Ensure victim advocacy and continuity of care for survivors of sexual violence by involving SWR advocates early in the intervention.
  - Ensure a culturally competent system of care especially including the planning and availability of interpreters.
  - Gather victim experience surveys, tally results, report to team and make necessary changes to guideline protocols.
  - Connect with the SANE advisory committee. The Sexual Assault Nurse Examiner (SANE) program provides care to the victims and empowers them through education and support throughout the forensic examination process.
  - Create, revise and participate in training for county and city law enforcement, first responders, prosecutors, probation officers, SANE/Non-SANE nurses, sexual violence advocates, etc.
  - A commitment to effective case review to identify trends, themes, and system problems.
  - Monitor activities to ensure that guideline protocols are being implemented and are having the desired impact.
  - Update and reproduce materials for ICSAIC participating personnel.
  - Network with Sexual Violence Justice Institute (SVJI) and other SMART Team sites.

Participating agencies and their employees support, but are not legally accountable to carrying out the responsibilities outlined in this agreement. The ICSAIC has created this Interagency Agreement to define roles and expectations toward the goals of improving its response to victims of sexual violence.



**ITEM # 13**



**REQUEST FOR CITY COUNCIL CONSIDERATION**

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Consider approving a license with BNSF for a trail crossing related to CP 2015-3, Hwy 2 West Trail  
**PREPARED BY:** Matt Wegwerth, Public Works Director / City Engineer

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**BACKGROUND:**

The Highway 2 West trail connects the trail from the north side of Highway 2 to the trail along County Road 63. The project requires a crossing of the BNSF railroad tracks. A license is required to cross the BNSF facility and attached is a copy of the license agreement. The fee for the license is \$3,700. Additionally, a certificate of general liability insurance will be required.

Staff recommend approving the license

**ATTACHMENTS:**

Draft and exhibit 21-67486

**REQUESTED COUNCIL ACTION:**

A motion approving a license with BNSF for a trail crossing and authorize payment for fee and insurance related to CP 2015-3, Hwy 2 West Trail



Jones Lang LaSalle Brokerage, Inc.  
4200 Buckingham Rd., Suite 110  
Fort Worth, Texas 76155  
tel +1 817-230-2600, fax +1 817 306-8265

June 22, 2021

City of Grand Rapids  
Attention: Mr. Matt Wegwerth  
420 North Pokegama Avenue  
Grand Rapids, MN 55744

21-67486

Dear Mr. Wegwerth:

Attached please find a copy of the requested contract for execution by an official authorized to execute contract agreements on behalf of your company. Please print one (1) copy, execute, and return with original signature for completion on part of BNSF Railway Company ("BNSF") to this office, along with the following requirements:

- A check in the amount of \$3,700.00 payable to BNSF Railway Company which covers the contract fee.

Please note the agreements cannot be executed by BNSF without an approved insurance certificate. If there are any issues with your insurance, you will be contacted by a member of the Risk Management team of BNSF Railway. Please submit the following documents to [BNSF@certfocus.com](mailto:BNSF@certfocus.com):

1. A Certificate of Insurance as required in the agreement.
2. A **separate policy** for Railroad Protective Liability Insurance as required in the agreement (**ORIGINAL POLICY MUST BE PROVIDED**). BNSF Railway Company will be the only insured party; OR;

**In lieu of providing a separate policy for Railroad Protective Liability Insurance**, you may participate in the BNSF's Railroad Protective Policy by checking the appropriate box in the contract and including an additional \$1,888.00 with your check and your signed agreements.

**PLEASE ADVISE IF THIS PROJECT IS ARRA FUNDED.**

Acceptance and deposit of any check by BNSF does not constitute an agreement between BNSF and Licensee for the requested license. BNSF shall not be obligated to hold the check in a separate fund, but may commingle the funds with other funds of BNSF, and in no event shall BNSF be responsible for interest on said funds.

The enclosed permit is not a binding agreement and shall become binding only when, and if, it is executed by you and fully approved and executed by BNSF Railway Company. Upon completion on behalf of BNSF, one fully executed counterpart will be returned for your records.

**The specifications/plans you provided may differ from BNSF's minimum specification requirements. Therefore, prior to your installation, please review the Exhibit A to determine the specifications necessary for your installation.**

Please be informed that if contracts, fees, and insurance are not returned within sixty (60) days, the processing fee will increase to \$1,600.00.

Sincerely,

*Patricia Villegas*

Patricia Villegas  
Permit Manager  
Attachment



### **LICENSE FOR BICYCLE PATH/PEDESTRIAN WALKWAY**

THIS LICENSE FOR BICYCLE PATH/PEDESTRIAN WALKWAY ("**License**"), is made to be effective \_\_\_\_\_, 20\_\_ (the "**Effective Date**") by and between **BNSF RAILWAY COMPANY**, a Delaware corporation ("**Licensor**"), and **CITY OF GRAND RAPIDS** ("**Licensee**").

In consideration of the mutual covenants contained herein, the parties agree to the following:

#### **GENERAL**

1. **Grant of License.** Licensor hereby grants Licensee a non-exclusive license, subject to all rights, interests, and estates of third parties, including, without limitation, any leases, use rights, easements, liens or other encumbrances, and upon the terms and conditions set forth below, to construct and maintain, in strict accordance with the drawings and specifications approved by Licensor as part of Licensee's application process (the "**Drawings and Specifications**"), a pedestrian walkway/ bicycle path (the "**Trail**") across or along Licensor's rail corridor at or near Grand Rapids, County of Itasca, State of Minnesota, Line Segment 0030, Mile Post 113.44 as shown on the attached Drawing No. 81036, dated March 10, 2021, attached hereto as **Exhibit "A"** and incorporated herein by reference (the "**Premises**").
2. **Term.** This License shall commence on the Effective Date and shall continue for a period of twenty-five (25) years, subject to prior termination as hereinafter described.
3. **Existing Improvements.** Licensee shall not disturb any improvements of Licensor or Licensor's existing lessees, licensees, easement beneficiaries or lien holders, if any, or interfere with the use, repair, maintenance or replacement of such improvements.
4. **Use of the Premises.** Licensee shall use the Premises solely for construction, maintenance and use of the Trail in accordance with the Drawings and Specifications. Licensee shall not use the Premises for any other purpose.
5. **Alterations.** Except as set forth in this License, Licensee may not make any alterations to the Premises or permanently affix anything to the Premises or any buildings or other structures adjacent to the Premises without Licensor's prior written consent

#### **COMPENSATION**

6. **License Fee.** Licensee shall pay Licensor, prior to the Effective Date, the sum of three thousand seven hundred and No/100 Dollars (\$3,700.00) as compensation for the use of the Premises.
7. **Costs and Expenses.**
  - 7.1 For the purpose of this License, "cost" or "costs" and "expense" or "expenses" includes, but is not limited to, actual labor and material costs including all assignable additives, and material and supply costs at current value where used.
  - 7.2 Licensee agrees to reimburse Licensor (pursuant to the terms of **Section 8** below) for all costs and expenses incurred by Licensor in connection with Licensee's use of the Premises, or the presence, construction and maintenance of the Trail including but not limited to the furnishing of Licensor's flaggers and any vehicle rental costs incurred. Licensee shall bear the cost of flagger services and other safety measures provided by Licensor, when deemed necessary by Licensor's representative. Flagging costs shall include, but not be limited to, the following: pay for at least an eight (8) hour basic day with time and one-half or double time for overtime, rest days and holidays (as applicable); vacation allowance; paid holidays (as applicable); railway and unemployment insurance; public liability and property damage insurance; health and welfare benefits; transportation; meals; lodging and supervision. **Negotiations for**

**railway labor or collective bargaining agreements and rate changes authorized by appropriate Federal authorities may increase flagging rates. Flagging rates in effect at the time of performance by the flaggers will be used to calculate the flagging costs pursuant to this Section 7.**

8. **Payment Terms.** All invoices are due thirty (30) days after the date of invoice. If Licensee fails to pay any monies due to Licensor within thirty (30) days after the invoice date, then Licensee shall pay interest on such unpaid sum from the due date until paid at an annual rate equal to the lesser of (i) the prime rate last published in *The Wall Street Journal* in the preceding December plus two and one-half percent (2.5%), or (ii) the maximum rate permitted by law.

#### **LICENSOR'S RESERVED RIGHTS**

9. **Reserved Rights of Use.** Licensor excepts and reserves the right, to be exercised by Licensor and any other parties who may obtain written permission or authority from Licensor:
  - 9.1 to maintain, use, operate, repair, replace, modify and relocate any utility, power or communication pipe/lines/cables and appurtenances (other than the Trail) and other facilities or structures of like character upon, over, under or across the Premises existing as of the Effective Date;
  - 9.2 to construct, maintain, renew, use, operate, change, modify and relocate any tracks or additional facilities, structures and related appurtenances upon, over, under or across the Premises; or
  - 9.3 to use the Premises in any manner as Licensor in its sole discretion deems appropriate, provided Licensor uses all commercially reasonable efforts to avoid material interference with the use of the Premises by Licensee for the purpose specified in **Section 4** above.
10. **Right to Require Relocation.** If at any time during the term of this License, Licensor desires the use of its rail corridor in such a manner as would, in Licensor's reasonable opinion, be interfered with by the Trail, Licensee shall, at its sole expense, within thirty (30) days after receiving written notice from Licensor to such effect, make such changes in the Trail as in the sole discretion of Licensor may be necessary to avoid interference with the proposed use of Licensor's rail corridor, including, without limitation, the relocation of Trail the or the construction of a new trail to replace the Trail. Notwithstanding the foregoing, Licensee agrees to make all emergency changes and minor adjustments, as determined by Licensor in its sole discretion, to the Trail promptly upon Licensor's request.

#### **LICENSEE'S OPERATIONS**

11. **Construction and Maintenance of the Trail.**
  - 11.1 Licensee shall notify Licensor's Roadmaster, David.Peterson4@bnsf.com at 717 Front Street Brainerd, MN 56401, telephone (218) 828-7281, at least ten (10) business days prior to entry onto the Premises for construction of the Trail and prior to entering the Premises for any subsequent maintenance thereon. In the event of emergency, Licensee shall notify Licensor of Licensee's entry onto the Premises at the telephone number above as soon as practicable and shall promptly thereafter follow up with written notice of such entry.
  - 11.2 Licensee's on-site supervisors shall retain/maintain a fully executed copy of this License at all times while on the Premises.
  - 11.3 While on the Premises, Licensee shall use only public roadways to cross from one side of Licensor's tracks to the other.



- 11.4 Any contractors or subcontractors performing work on the Trail or entering the Premises on behalf of Licensee shall be deemed servants and agents of Licensee for purposes of this License.
- 11.5 Under no conditions shall Licensee be permitted to conduct any tests, investigations or any other activity using mechanized equipment and/or machinery, or place or store any mechanized equipment, tools or other materials, within twenty-five (25) feet of the centerline of any railroad track on the Premises unless Licensee has obtained prior written approval from Licensor. Licensee shall, at its sole cost and expense, perform all activities on and about the Premises in such a manner as not at any time to endanger or interfere with (i) the existence or use of present or future tracks, roadbeds, or property of Licensor, (ii) the safe operation and activities of Licensor or existing third parties, or (iii) the rights or interests of third parties. If ordered to cease using the Premises at any time by Licensor's personnel due to any hazardous condition, Licensee shall immediately do so. Notwithstanding the foregoing right of Licensor, the parties agree that Licensor has no duty or obligation to monitor Licensee's use of the Premises to determine the safe nature thereof, it being solely Licensee's responsibility to ensure that Licensee's use of the Premises is safe. Neither the exercise nor the failure by Licensor to exercise any rights granted in this Section will alter the liability allocation provided by this License.
- 11.6 Licensee shall, at its sole cost and expense, construct and maintain the Trail in such a manner and of such material that the Trail will not at any time endanger or interfere with (i) the existence or use of present or future tracks, roadbeds, or property of Licensor, (ii) the safe operation and activities of Licensor or existing third parties, or (iii) the rights or interests of third parties. The construction of the Trail shall be completed within one (1) year of the Effective Date, and any subsequent maintenance shall be completed within one (1) year of initiation. Within fifteen (15) days after completion of the construction of the Trail or the performance of any subsequent maintenance thereon, Licensee shall, at Licensee's own cost and expense, restore the Premises to substantially their state as of the Effective Date, unless otherwise approved in advance by Licensor in writing. On or before expiration or termination of this License for any reason, Licensee shall, at its sole cost and expense, surrender the Premises to Licensor pursuant to the terms and conditions set forth in **Section 24** hereof.
- 11.7 Licensor may direct one or more of its field engineers to observe or inspect the construction and/or maintenance of the Trail at any time for compliance with the Drawings and Specifications and Legal Requirements (defined below). If ordered at any time to halt construction or maintenance of the Trail by Licensor's personnel due to non-compliance with the Drawings and Specifications or any other hazardous condition, Licensee shall immediately do so. Notwithstanding the foregoing right of Licensor, the parties agree that Licensor has no duty or obligation to observe or inspect, or to halt work on, the Trail, it being solely Licensee's responsibility to ensure that the Trail is constructed and maintained in strict accordance with the Drawings and Specifications and in a safe and workmanlike manner in compliance with all terms hereof. Neither the exercise of, nor the failure by Licensor to exercise, any right granted by this Section will alter in any way the liability allocation provided by this License. If at any time Licensee shall, in the sole judgment of Licensor, fail to properly perform its obligations under this **Section 11**, Licensor may, at its option and at Licensee's sole expense, arrange for the performance of such work as it deems necessary for the safety of its operations and activities. Licensee shall promptly reimburse Licensor for all costs and expenses of such work, pursuant to the terms of **Section 8**. Licensor's failure to perform any obligations of Licensee shall not alter the liability allocation hereunder.

12. Boring and Excavation.

- 12.1 Prior to Licensee conducting any boring, excavation, or similar work on or about any portion of the Premises, Licensee shall explore the proposed location for such work with hand tools to a depth of at least three (3) feet below the surface of the ground to determine whether



pipelines or other structures exist below the surface, provided, however, that in lieu of the foregoing, Licensee shall have the right to use suitable detection equipment or other generally accepted industry practice (e.g., consulting with the Underground Services Association) to determine the existence or location of pipelines and other subsurface structures prior to drilling or excavating with mechanized equipment. Licensee may request information from Licensor concerning the existence and approximate location of Licensor's underground lines, utilities, and pipelines at or near the vicinity of the proposed Trail by contacting Licensor's Telecommunications Helpdesk at least thirty (30) business days prior to installation of the Trail. Upon receiving Licensee's timely request, Licensor will provide Licensee with the information Licensor has in its possession regarding any existing underground lines, utilities, and pipelines at or near the vicinity of the proposed Trail and, if applicable, identify the location of such lines on the Premises pursuant to Licensor's standard procedures. Licensor does not warrant the accuracy or completeness of information relating to subsurface conditions of the Premises and Licensee's operations will be subject at all times to the liability provisions herein.

- 12.2 For all bores greater than twenty-six (26) inch diameter and at a depth less than ten (10) feet below bottom of rail, a soil investigation must be performed by Licensee and reviewed by Licensor prior to construction. This study is to determine if granular material is present, and to prevent subsidence during the installation process. If the investigation determines in Licensor's reasonable opinion that granular material is present, Licensor may select a new location for Licensee's use, or may require Licensee to furnish for Licensor's review and approval, in Licensor's sole discretion a remedial plan to deal with the granular material. Once Licensor has approved any such remedial plan in writing, Licensee shall, at Licensee's sole cost and expense, carry out the approved plan in accordance with all terms thereof and hereof.
- 12.3 Any open hole, boring or well constructed on the Premises by Licensee shall be safely covered and secured at all times when Licensee is not working in the actual vicinity thereof. Following completion of that portion of the work, all holes or borings constructed on the Premises by Licensee shall be:
  - 12.3.1 filled in to surrounding ground level with compacted bentonite grout; or
  - 12.3.2 otherwise secured or retired in accordance with any applicable Legal Requirement. No excavated materials may remain on Licensor's property for more than ten (10) days, but must be properly disposed of by Licensee in accordance with applicable Legal Requirements.

## **LIABILITY AND INSURANCE**

### **13. Liability and Indemnification.**

- 13.1 For purposes of this License: (a) "**Indemnitees**" means Licensor and Licensor's affiliated companies, partners, successors, assigns, legal representatives, officers, directors, shareholders, employees, and agents; (b) "**Liabilities**" means all claims, liabilities, fines, penalties, costs, damages, losses, liens, causes of action, suits, demands, judgments, and expenses (including, without limitation, court costs, reasonable attorneys' fees, costs of investigation, removal and remediation, and governmental oversight costs) environmental or otherwise; and (c) "**Licensee Parties**" means Licensee and Licensee's officers, agents, invitees (including, but not limited to, member of the general public), licensees, employees, or contractors, or any party directly or indirectly employed by any of them, or any party they control or exercise control over.



- 13.2 TO THE FULLEST EXTENT PERMITTED BY LAW, LICENSEE SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS INDEMNITEES FOR, FROM, AND AGAINST ANY AND ALL LIABILITIES OF ANY NATURE, KIND, OR DESCRIPTION DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, OR RELATED TO (IN WHOLE OR IN PART):
- 13.2.1 THIS LICENSE, INCLUDING, WITHOUT LIMITATION, ITS ENVIRONMENTAL PROVISIONS,
  - 13.2.2 ANY RIGHTS OR INTERESTS GRANTED PURSUANT TO THIS LICENSE,
  - 13.2.3 LICENSEE'S OCCUPATION AND USE OF THE PREMISES,
  - 13.2.4 THE ENVIRONMENTAL CONDITION AND STATUS OF THE PREMISES CAUSED BY OR CONTRIBUTED TO BY LICENSEE, OR
  - 13.2.5 ANY ACT OR OMISSION OF ANY LICENSEE PARTY.
- 13.3 TO THE FULLEST EXTENT PERMITTED BY LAW, LICENSEE NOW AND FOREVER WAIVES ANY AND ALL CLAIMS THAT BY VIRTUE OF ENTERING INTO THIS LICENSE, LICENSOR IS A GENERATOR, OWNER, OPERATOR, ARRANGER, OR TRANSPORTER FOR THE PURPOSES OF THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT, AS AMENDED ("CERCLA") OR OTHER ENVIRONMENTAL LAWS (DEFINED BELOW). LICENSEE WILL INDEMNIFY, DEFEND, AND HOLD THE INDEMNITEES HARMLESS FROM ANY AND ALL SUCH CLAIMS. NOTHING IN THIS LICENSE IS MEANT BY EITHER PARTY TO CONSTITUTE A WAIVER OF ANY INDEMNITEE'S COMMON CARRIER DEFENSES AND THIS LICENSE SHOULD NOT BE SO CONSTRUED. IF ANY AGENCY OR COURT CONSTRUES THIS LICENSE TO BE A WAIVER OF ANY INDEMNITEE'S COMMON CARRIER DEFENSES, LICENSEE AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND INDEMNITEES FOR ANY LIABILITIES RELATED TO THAT CONSTRUCTION OF THIS LICENSE. IN NO EVENT AS BETWEEN LICENSOR AND LICENSEE AS TO USE OF THE PREMISES AS CONTEMPLATED BY THIS LICENSE SHALL LICENSOR BE RESPONSIBLE TO LICENSEE FOR THE ENVIRONMENTAL CONDITION OF THE PREMISES.
- 13.4 IF ANY EMPLOYEE OF ANY LICENSEE PARTY ASSERTS THAT HE OR SHE IS AN EMPLOYEE OF ANY INDEMNITEE, TO THE FULLEST EXTENT PERMITTED BY LAW, LICENSEE SHALL, AND SHALL CAUSE ITS CONTRACTOR TO, RELEASE, INDEMNIFY, DEFEND, AND HOLD THE INDEMNITEES HARMLESS FROM AND AGAINST ANY LIABILITIES ARISING OUT OF OR RELATED TO (IN WHOLE OR IN PART) ANY SUCH ASSERTION INCLUDING, BUT NOT LIMITED TO, ASSERTIONS OF EMPLOYMENT BY AN INDEMNITEE RELATED TO THE FOLLOWING OR ANY PROCEEDINGS THEREUNDER: THE FEDERAL EMPLOYERS' LIABILITY ACT, THE SAFETY APPLIANCE ACT, THE LOCOMOTIVE INSPECTION ACT, THE OCCUPATIONAL SAFETY AND HEALTH ACT, THE RESOURCE CONSERVATION AND RECOVERY ACT, AND ANY SIMILAR STATE OR FEDERAL STATUTE.
- 13.5 THE FOREGOING OBLIGATIONS OF LICENSEE SHALL NOT APPLY TO THE EXTENT LIABILITIES ARE PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNITEE, BUT SHALL APPLY TO ALL OTHER LIABILITIES, INCLUDING THOSE ARISING FROM OR ATTRIBUTED TO ANY OTHER ALLEGED OR ACTUAL NEGLIGENCE, INTENTIONAL ACTS, OR STRICT LIABILITY OF ANY INDEMNITEE.

- 13.6 Upon written notice from Licensor, Licensee agrees to assume the defense of any lawsuit or other proceeding brought against any Indemnitee by any entity, relating to any matter covered by this License for which Licensee has an obligation to assume liability for and/or save and hold harmless any Indemnitee. Licensee shall pay all costs and expenses incident to such defense, including, but not limited to, reasonable attorneys' fees, investigators' fees, litigation and appeal expenses, settlement payments, and amounts paid in satisfaction of judgments.
14. **Personal Property Risk of Loss.** ALL PERSONAL PROPERTY, INCLUDING, BUT NOT LIMITED TO, FIXTURES, EQUIPMENT, OR RELATED MATERIALS UPON THE PREMISES WILL BE AT THE RISK OF LICENSEE ONLY, AND NO INDEMNITEE WILL BE LIABLE FOR ANY DAMAGE THERETO OR THEFT THEREOF, WHETHER OR NOT DUE IN WHOLE OR IN PART TO THE NEGLIGENCE OF ANY INDEMNITEE.
15. **Insurance.** Licensee shall, at its sole cost and expense, procure and maintain during the term of this License the following insurance coverage:
- 15.1 **Commercial General Liability "CGL" Insurance.**
- a. The policy will provide a minimum of \$2,000,000 per occurrence and an aggregate limit of at least \$4,000,000 but in no event will the coverage be in an amount less than the amount otherwise carried by Licensee. Coverage must be purchased on a post 2004 ISO occurrence form or equivalent and include coverage for, but not limited to, the following:
    - Bodily Injury and Property Damage
    - Personal Injury and Advertising Injury
    - Fire legal liability
    - Products and completed operations
    - Contractual Liability for an "Insured Contract" consistent with the definition under the standard ISO general liability policy form.
  - a. This policy will include the following endorsements or language, which shall be indicated on or attached to the certificate of insurance:
    - The definition of "Insured Contract" will be amended to remove any exclusion or other limitation for any work being done within 50 feet of Licensor's property;
    - Waiver of subrogation in favor of and acceptable to Licensor;
    - Additional insured endorsement in favor of and acceptable to Licensor and Jones Lang LaSalle Brokerage, Inc. to include coverage for ongoing operations and completed operations;
    - Separation of insureds; and
    - The policy shall be primary and non-contributing with respect to any insurance carried by Licensor.
  - b. The parties agree that the workers' compensation and employers' liability related exclusions in the CGL policy(s) are intended to apply to employees of the policyholder and will not apply to Licensor's employees.
  - c. No other endorsements that limit coverage with respect to Licensee's obligations under this agreement may be included on the policy.
- 15.2 **Business Automobile Insurance.**
- a. The insurance will provide minimum coverage with a combined single limit of at least \$1,000,000 per accident, and include coverage for, but not limited to the following:
    - Bodily injury and property damage.
    - Any and all vehicles owned, used or hired.



- a. The policy will include the following endorsements or language, which will be indicated on or attached to the certificate of insurance:
  - Waiver of subrogation in favor of and acceptable to Licensor;
  - Additional insured endorsement in favor of and acceptable to Licensor;
  - Separation of insureds;
  - The policy shall be primary and non-contributing with respect to any insurance carried by Licensor.

15.3 Workers' Compensation and Employers' Liability Insurance.

- a. The policy will provide coverage of all employees performing any part of the installation or maintenance of the Trail including coverage for, but not limited to:
  - Licensee's statutory liability under the workers' compensation laws of the state(s) in which the work or services under this agreement are to be performed. The policy will cover all of Licensee's employees, regardless of whether such coverage is optional under the law of that state(s).
  - Employers' Liability (Part B) with limits of at least \$500,000 each accident, \$500,000 by disease policy limit, \$500,000 by disease each employee.
- a. The policy will include contain the following endorsements or language, which shall be indicated on or attached to the certificate of insurance:
  - Waiver of subrogation in favor of and acceptable to Licensor.

15.4 Railroad Protective Liability Insurance. The policy will name only Licensor as the Insured and will provide coverage of at least \$2,000,000 per occurrence and \$6,000,000 in the aggregate. The coverage obtained under this policy shall only be effective during the initial installation and/or construction of the Trail. **THE CONSTRUCTION OF THE TRAIL SHALL BE COMPLETED WITHIN ONE (1) YEAR OF THE EFFECTIVE DATE.** If further maintenance of the Trail is needed at a later date, an additional Railroad Protective Liability Insurance Policy shall be required. The policy will be issued on a standard ISO form CG 00 35 12 04 and include the following:

- Endorsed to include the Pollution Exclusion Amendment.
- Endorsed to include the Limited Seepage and Pollution Endorsement.
- Endorsed to remove any exclusion for punitive damages.
- Endorsed to include Evacuation Expense Coverage Endorsement.
- No other endorsements restricting coverage may be added.
- The original policy must be provided to Licensor and Licensee shall not perform any work or services of any kind under this agreement until Licensor has reviewed and approved the policy.
- The definition of "Physical Damage to Property" will be endorsed to read: "means direct and accidental loss of or damage to all property owned by any named insured and all property in any named insured's care, custody and control (including, but not limited to rolling stock and their contents, mechanical construction equipment or motive power equipment, railroad tracks, roadbeds, catenaries, signals, tunnels, bridges and buildings) arising out of the acts or omissions of the contractor named on the Declarations."

In lieu of providing a Railroad Protective Liability Policy, for a period of one (1) year from the Effective Date, Licensee may participate in Licensor's Blanket Railroad Protective Liability Insurance Policy available to Licensee or its contractor. The limits of coverage are the same as above. The cost is \$1,888.00.

- ☐ License may **elect** to participate in Licensor's Blanket Policy;
- ☐ Licensee **declines** to participate in Licensor's Blanket Policy.

15.5 Other Requirements:

- 15.5.1 Where allowable by law, no exclusion for punitive damages may be included in any policy.
- 15.5.2 Licensee agrees to waive its right of recovery against Licensor for all claims and suits against Licensor. In addition, Licensee's insurers, through the terms of the policy or policy endorsement, waive their right of subrogation against Licensor for all claims and suits. Licensee further waives its right of recovery, and its insurers also waive their right of subrogation against Licensor for loss of Licensee's owned or leased property or property under Licensee's care, custody, or control.
- 15.5.3 Allocated Loss Expense, including but not limited to defense costs and expenses, will be in addition to all policy limits for coverage under the insurance requirements.
- 15.5.4 Licensee is not allowed to self-insure without the prior written consent of Licensor. If Licensor allows Licensee to self-insure, Licensee shall directly cover any self-insured retention or other financial responsibility for claims in lieu of insurance. Any and all Licensor liabilities that would otherwise be covered by Licensee's insurance in accordance with the provisions of this agreement, will be covered as if Licensee elected not to include a self-insured retention or other financial responsibility for claims.
- 15.5.5 Prior to entering the Premises or commencing any work related to the installation or subsequent maintenance of the Trail, Licensee shall furnish to Licensor an acceptable certificate(s) of insurance from an authorized representative evidencing the required coverage(s), endorsements, and amendments.
- 15.5.6 Licensee agrees to provide evidence to Licensor that it has the required coverage in place at least annually or in the event of a renewal or material change of coverage.
- 15.5.7 Any insurance policy shall be written by a reputable insurance company acceptable to Licensor or with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided.
- 15.5.8 If the coverage provided by any of the insurance policies required by this agreement is purchased on a "claims made" basis, Licensee hereby agrees to maintain coverage in force for a minimum of three years after expiration, cancellation or termination of this agreement.
- 15.5.9 Licensee agrees to provide evidence to Licensor that it has the required coverage in place at least annually or in the event of a renewal or material change of coverage.
- 15.5.10 Licensee represents that this License has been thoroughly reviewed by Licensee's insurance agent(s)/broker(s), and that Licensee has instructed them to procure the insurance coverage required by this License.
- 15.5.11 Not more frequently than once every five years, Licensor may, at its discretion, reasonably modify the insurance requirements to reflect the then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.
- 15.5.12 If Licensee will subcontract any portion of the operation, Licensee shall require that the subcontractor provide and maintain insurance coverage(s) as set forth herein, naming Licensor as an additional insured. In addition Licensee shall require that the



subcontractor shall release, defend and indemnify Licensee to the same extent and under the same terms and conditions as Licensee is required to release, defend and indemnify Licenser under this agreement.

- 15.5.13 Failure to provide evidence as required by this section shall entitle, but not require, Licenser to terminate this License immediately. Acceptance of a certificate that does not comply with this section shall not operate as a waiver of Licensee's obligations hereunder.
- 15.5.14 The fact that Licensee obtains insurance (including, without limitation, self-insurance) shall not release or diminish Licensee's liabilities or obligations including, without limitation, the liabilities and obligations under the indemnity provisions of the License. Damages recoverable by Licenser shall not be limited by the amount of the required insurance coverage.
- 15.5.15 In the event of a claim or lawsuit involving Licenser arising out of this agreement, Licensee will make the policy covering such claims or lawsuits available to Licenser.
- 15.5.16 If Licensee maintains broader coverage and/or higher limits than the minimum requirements in this Agreement, Licenser requires and shall be entitled to the broader coverage and/or the higher limits. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to Licenser.
- 15.5.17 These insurance provisions are intended to be a separate and distinct obligation on the part of the Licensee. Therefore, these provisions shall be enforceable and Licensee shall be bound thereby regardless of whether or not indemnity provisions are determined to be enforceable in the jurisdiction in which the work or services performed under this License is performed.
- 15.5.18 For purposes of this **Section 15**, Licenser shall mean "Burlington Northern Santa Fe, LLC", "BNSF Railway Company" and the subsidiaries, successors, assigns and affiliates of each.

16. Compliance with Laws, Rules, and Regulations.

- 16.1 Licensee shall observe and comply with any and all laws, statutes, regulations, ordinances, orders, covenants, restrictions, or decisions of any court of competent jurisdiction ("**Legal Requirements**") relating to the construction, maintenance, and use of the Trail and the use of the Premises.
- 16.2 Prior to entering the Premises, Licensee shall and shall cause its contractor(s) to comply with all Licenser's applicable safety rules and regulations. Licensee must ensure that each of its employees, contractors, agents or invitees entering upon the Premises completes the safety orientation program at the website [www.BNSFcontractor.com](http://www.BNSFcontractor.com) (the "**Safety Orientation**") within one (1) year prior to entering upon the Premises. Additionally, Licensee must ensure that each and every employee of Licensee, its contractors, agents and invitees possess a card certifying completion of the Safety Orientation prior to entering upon the Premises. Licensee must renew the Safety Orientation annually.
- 16.3 Licensee shall obtain on or before the date it or its contractor enters the Premises, any and all additional rights-of way, easements, licenses and other agreements relating to the grant of rights and interests in and/or access to the Premises (collectively, the "**Rights**") and such other rights, licenses, permits, authorizations, and approvals (including without limitation, any necessary local, state, federal or tribal authorizations and environmental permits) that are

necessary in order to permit Licensee to construct, maintain, own and operate the Trail and otherwise to perform its obligations hereunder in accordance with the terms and conditions hereof.

- 16.4 Licensee shall either require that the initial stated term of each such Rights be for a period that does not expire, in accordance with its ordinary terms, prior to the last day of the term of this License or, if the initial stated term of any such Right expires in accordance with its ordinary terms on a date earlier than the last day of the term of this License, Licensee shall, at its cost, exercise any renewal rights thereunder, or otherwise acquire such extensions, additions and/or replacements as may be necessary, in order to cause the stated term thereof to be continued until a date that is not earlier than the last day of the term of this License.
- 16.5 Upon the expiration or termination of any Right that is necessary in order for Licensee to own, operate or use the Trail in accordance with the terms and conditions of this License, this License thereby shall automatically expire upon such expiration or termination of the Right.
- 16.6 While this License is personal to Licensee and its invitees, it is recognized that the Trail may be used by unauthorized persons, and Licensee agrees that for the purposes of this License all persons using the Trail shall be deemed the agents or invitees of Licensee.

17. Environmental.

- 17.1 Licensee shall strictly comply with all federal, state and local environmental Legal Requirements and regulations in its use of the Premises, including, but not limited to, the Resource Conservation and Recovery Act, as amended (RCRA), the Clean Water Act, the Oil Pollution Act, the Hazardous Materials Transportation Act, and CERCLA (collectively referred to as the "**Environmental Laws**"). Licensee shall not maintain a treatment, storage, transfer or disposal facility, or underground storage tank, as defined by Environmental Laws on the Premises. Licensee shall not release or suffer the release of oil or hazardous substances, as defined by Environmental Laws on or about the Premises.
- 17.2 Licensee covenants that it will not handle or transport "hazardous waste" or "hazardous substances", as "hazardous waste" and "hazardous substances" may now or in the future be defined by any federal, state, or local governmental agency or body through the Trail on Licensors' property. Licensee agrees periodically to furnish Licensors with proof, satisfactory to Licensors that Licensee is in compliance with the provisions of this **Section 17.2**.
- 17.3 Licensee shall give Licensors immediate notice to Licensors' Resource Operations Center at (800) 832-5452 of any known (i) release of hazardous substances on, from, or affecting the Premises, (ii) violation of Environmental Laws, or (iii) inspection or inquiry by governmental authorities charged with enforcing Environmental Laws with respect to Licensee's use of the Premises. Licensee shall use the best efforts to promptly respond to any release on or from the Premises. Licensee also shall give Licensors immediate notice of all measures undertaken on behalf of Licensee to investigate, remediate, respond to or otherwise cure such release or violation.
- 17.4 If Licensors has notice from Licensee or otherwise of a release or violation of Environmental Laws arising in any way with respect to the Trail which occurred or may occur during the term of this License, Licensors may require Licensee, at Licensee's sole risk and expense, to take timely measures to investigate, remediate, respond to or otherwise cure such release or violation affecting the Premises or Licensors' right-of-way.
- 17.5 Licensee shall promptly report to Licensors in writing any conditions or activities upon the Premises known to Licensee which create a risk of harm to persons, property or the environment and shall take whatever action is necessary to prevent injury to persons, property or the environment arising out of such conditions or activities; provided, however, that



Licensee's reporting to Licensor shall not relieve Licensee of any obligation whatsoever imposed on it by this License. Licensee shall promptly respond to Licensor's request for information regarding said conditions or activities.

### **DISCLAIMER OF WARRANTIES**

#### **18. No Warranties.**

18.1 **LICENSOR'S DUTIES AND WARRANTIES ARE LIMITED TO THOSE EXPRESSLY STATED IN THIS LICENSE AND SHALL NOT INCLUDE ANY IMPLIED DUTIES OR IMPLIED WARRANTIES, NOW OR IN THE FUTURE. NO REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE BY LICENSOR OTHER THAN THOSE CONTAINED IN THIS LICENSE. LICENSEE HEREBY WAIVES ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES OR WHICH MAY EXIST BY OPERATION OF LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

18.2 **LICENSOR MAKES NO WARRANTY, REPRESENTATION OR CONDITION OF ANY KIND, EXPRESS OR IMPLIED, CONCERNING (A) THE SCOPE OF THE LICENSE OR OTHER RIGHTS GRANTED HEREUNDER TO LICENSEE OR (B) WHETHER OR NOT LICENSEE'S CONSTRUCTION, MAINTENANCE, OWNERSHIP, USE OR OPERATION OF THE TRAIL WILL VIOLATE OR INFRINGE UPON THE RIGHTS, INTERESTS AND ESTATES OF THIRD PARTIES, INCLUDING, WITHOUT LIMITATION, ANY LEASES, USE RIGHTS, EASEMENTS AND LIENS OF ANY THIRD PARTY.**

19. **Disclaimer of Warranty for Quiet Enjoyment. LICENSOR DOES NOT WARRANT ITS TITLE TO THE PREMISES NOR UNDERTAKE TO DEFEND LICENSEE IN THE PEACEABLE POSSESSION OR USE THEREOF. NO COVENANT OF QUIET ENJOYMENT IS MADE.**

20. **Eviction at Risk of Licensee. In case of the eviction of Licensee by anyone owning, claiming title to, or claiming any interest in the Premises, or by the abandonment by Licensor of the affected rail corridor, Licensor shall not be liable (i) to refund Licensee any compensation paid hereunder, except for the pro-rata part of any recurring charge paid in advance, or (ii) for any damage Licensee sustains in connection with the eviction.**

### **LIENS AND TAXES**

21. **Liens and Charges. Licensee shall promptly pay and discharge any and all liens arising out of any construction, alterations or repairs done, suffered or permitted to be done by Licensee on Premises. Licensor is hereby authorized to post any notices or take any other action upon or with respect to Premises that is or may be permitted by law to prevent the attachment of any such liens to Premises; provided, however, that failure of Licensor to take any such action shall not relieve Licensee of any obligation or liability under this **Section 21** or any other Section of this License.**

22. **Taxes. Licensee shall pay when due any taxes, assessments or other charges (collectively, "**Taxes**" levied or assessed by any governmental or quasi-governmental body upon the Trail or any other improvements constructed or installed on the Premises by or for Licensee (collectively, the "**Improvements**") or any Taxes levied or assessed against Licensor or the Premises that are attributable to the Improvements.**

**DEFAULT, TERMINATION, AND SURRENDER**

23. **Default and Termination.** In addition to and not in limitation of Licensors right to terminate for failure to provide evidence of insurance as required pursuant to the terms of **Section 15**, the following events are also deemed to be events of default pursuant to which Licensors has the right to terminate as set forth below:
- 23.1 If default shall be made in any of Licensees covenants, agreements, or obligations contained in this License and Licensee fails to cure said default within thirty (30) days after written notice is provided to Licensee by Licensors, or in case of any assignment or transfer of this License in violation of **Section 26** below, Licensors may, at its option, terminate this License by serving five (5) days' notice in writing upon Licensee. Notwithstanding the foregoing, Licensors shall have the right to terminate this License immediately if Licensee fails to provide evidence of insurance as required in **Section 15**.
  - 23.2 Should Licensee not comply fully with the obligations of **Section 17** regarding the handling or transporting of hazardous waste or hazardous material, notwithstanding anything contained in any other provision of this License, Licensors may, at its option, terminate this License by serving five (5) days' notice of termination upon Licensee.
  - 23.3 Any waiver by Licensors of any default or defaults shall not constitute a waiver of the right to terminate this License for any subsequent default or defaults, nor shall any such waiver in any way affect Licensors ability to enforce any Section of this License. The remedies set forth in this **Section 23** shall be in addition to, and not in limitation of, any other remedies that Licensors may have at law or in equity.
  - 23.4 In addition to and not in limitation of Licensors rights to terminate this License for failure to provide evidence of insurance or occurrence of defaults as described above, this License may be terminated by either party, at any time, by serving thirty (30) days' written notice of termination upon the other party. Such termination shall not release either party hereto from any liability or obligation under the License, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination or thereafter in case by the terms of the License it is provided that anything shall or may be done after termination hereof.
24. **Surrender of the Premises.**
- 24.1 On or before expiration or termination of this License for any reason, Licensee shall, at its sole cost and expense:
    - 24.1.1 if so directed by Licensors in writing, remove the Improvements;
    - 24.1.2 report and restore any damage to the Premises or Licensors other property arising from, growing out of, or connected with Licensees use of the Premises;
    - 24.1.3 remedy any unsafe conditions on the Premises created or aggravated by Licensee; and
    - 24.1.4 leave the Premises in substantially the condition which existed as of the Effective Date.
  - 24.2 Upon any expiration or termination of this License, if Licensee fails to surrender the Premises to Licensors or if Licensee fails to complete its obligations under **Section 24.1** above (the "**Restoration Obligations**"), Licensee shall have a limited license to enter upon the Premises solely to the extent necessary for Licensee to complete the Restoration Obligations, and all liabilities and obligations of Licensee hereunder shall continue in effect until the Premises are



surrendered and the Restoration Obligations are completed. Neither termination nor expiration shall release Licensee from any liability or obligation under this License, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination, or, if later, the date when Licensee surrenders the Premises and all of the Restoration Obligations are completed.

- 24.3 If Licensee fails to complete the Restoration Obligations within thirty (30) days after the date of such termination of its tenancy, then Licensor may, at its election, either: (i) remove the Electric Supply Line and the other Improvements or otherwise restore the Premises, and in such event Licensee shall, within thirty (30) days after receipt of bill therefor, reimburse Licensor for cost incurred, (ii) upon written notice to Licensee, take and hold the Electric Supply Line and the other Improvements and personal property as its sole property, without payment or obligation to Licensee therefor, or (iii) specifically enforce Licensee's obligation to restore and/or pursue any remedy at law or in equity against Licensee for failure to so restore. Further, if Licensor has consented to the Electric Supply Line and the other Improvements remaining on the Premises following termination, Licensee shall, upon request by Licensor, provide a bill of sale in a form acceptable to Licensor conveying the Electric Supply Line and the other Improvements to Licensor for no additional consideration.

### **MISCELLANEOUS**

25. Successors and Assigns. All provisions contained in this License shall be binding upon, inure to the benefit of, and be enforceable by the respective successors and assigns of Licensor and Licensee to the same extent as if each such successor and assign was named a party to this License.
26. Assignment.
- 26.1 Licensee may not sell, assign, transfer, or hypothecate this License or any right, obligation, or interest herein (either voluntarily or by operation of law, merger, or otherwise) without the prior written consent of Licensor, which consent may not be unreasonably withheld or delayed by Licensor. Any attempted assignment by Licensee in violation of this **Section 26** shall be a breach of this License and, in addition, shall be voidable by Licensor in its sole and absolute discretion.
- 26.2 For purposes of this **Section 26**, the word "assign" shall include without limitation (a) any sale of the equity interests of Licensee following which the equity interest holders of Licensee immediately prior to such sale own, directly or indirectly, less than 50% of the combined voting power of the outstanding voting equity interests of Licensee, (b) any sale of all or substantially all of the assets of (i) Licensee and (ii) to the extent such entities exist, Licensee's parent and subsidiaries, taken as a whole, or (c) any reorganization, recapitalization, merger or consolidation involving Licensee. Notwithstanding the foregoing, any reorganization, recapitalization, merger or consolidation following which the equity interest holders of Licensee immediately prior to such reorganization, recapitalization, merger or consolidation own, directly or indirectly, at least 50% of the combined voting power of the outstanding voting equity interests of Licensee or any successor thereto or the entity resulting from such reorganization, recapitalization, merger or consolidation shall not be deemed an assignment. THIS LICENSE SHALL NOT RUN WITH THE LAND WITHOUT THE EXPRESS WRITTEN CONSENT OF LICENSOR, SUCH CONSENT TO BE IN LICENSOR'S SOLE DISCRETION.
- 26.3 Notwithstanding the provisions of **Section 26.1** above or anything contained in this License to the contrary, if Licensee sells, assigns, transfers, or hypothecates this License or any interest herein in contravention of the provisions of this License (a "**Purported Assignment**") to another party (a "**Purported Transferee**"), the Purported Transferee's enjoyment of the rights and privileges granted under this License shall be deemed to be the Purported Transferee's agreement to be bound by all of the terms and provisions of this License, including but not limited to the obligation to comply with the provisions of **Section 15** above concerning



insurance requirements. In addition to and not in limitation of the foregoing, Licensee, for itself, its successors and assigns, shall indemnify, defend and hold harmless Licensor for all Liabilities of any nature, kind or description of any person or entity directly or indirectly arising out of, resulting from or related to (in whole or in part) a Purported Assignment.

26.4 The provisions of this **Section 26** shall survive the expiration or earlier termination of this License.

27. Notices. Any notice, invoice, or other writing required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if (i) placed in the United States mail, certified, return receipt requested, or (ii) deposited into the custody of a nationally recognized overnight delivery service, addressed to the party to be notified at the address for such party specified below, or to such other address as the party to be notified may designate by giving the other party no less than thirty (30) days' advance written notice of such change in address.

If to Licensor: Jones Lang LaSalle Brokerage, Inc.  
4200 Buckingham Rd., Suite 110  
Fort Worth, TX 76155  
Attn: Permits/Licenses

with a copy to: BNSF Railway Company  
2650 Lou Menk Dr.  
Fort Worth, TX 76131-2830  
Attn: Senior Manager Real Estate

If to Licensee: City of Grand Rapids  
420 North Pokegama Avenue  
Grand Rapids, MN 55744

28. Survival. Neither termination nor expiration will release either party from any liability or obligation under this License, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination or expiration, or, if later, the date when the Trail and the other Improvements are removed and the Premises are restored to its condition as of the Effective Date.
29. Recordation. It is understood and agreed that this License shall not be placed or allowed to be placed on public record.
30. Applicable Law. All questions concerning the interpretation or application of provisions of this License shall be decided according to the substantive laws of the State of Texas without regard to conflicts of law provisions.
31. Severability. To the maximum extent possible, each provision of this License shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this License shall be prohibited by, or held to be invalid under, applicable law, such provision shall be ineffective solely to the extent of such prohibition or invalidity, and this shall not invalidate the remainder of such provision or any other provision of this License.
32. Integration. This License is the full and complete agreement between Licensor and Licensee with respect to all matters relating to Licensee's use of the Premises, and supersedes any and all other agreements between the parties hereto relating to Licensee's use of the Premises as described herein. However, nothing herein is intended to terminate any surviving obligation of Licensee or Licensee's obligation to defend and hold Licensor harmless in any prior written agreement between the parties.



33. Joint and Several Liability. If Licensee consists of two or more parties, all the covenants and agreements of Licensee herein contained shall be the joint and several covenants and agreements of such parties.
34. Waiver. The waiver by Licensor of the breach of any provision herein by Licensee shall in no way impair the right of Licensor to enforce that provision for any subsequent breach thereof.
35. Interpretation.
- 35.1 This License shall be interpreted in a neutral manner, and not more strongly for or against any party based upon the source of the draftsmanship; both parties hereby agree that this License shall not be subject to the principle that a contract would be construed against the party which drafted the same. Article titles, headings to sections and paragraphs and the table of contents (if any) are inserted for convenience of reference only and are not intended to be a part or to affect the meaning or interpretation hereof. The exhibit or exhibits referred to herein shall be construed with and as an integral part of this License to the same extent as if they were set forth verbatim herein.
- 35.2 As used herein, "include", "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; "writing", "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; references to any person are also to that person's successors and permitted assigns; "hereof", "herein", "hereunder" and comparable terms refer to the entirety hereof and not to any particular article, section, or other subdivision hereof or attachment hereto; references to any gender include references to the masculine or feminine as the context requires; references to the plural include the singular and vice versa; and references to this License or other documents are as amended, modified or supplemented from time to time.
36. Counterparts. This License may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original but which together shall constitute one and the same instrument, and the signature pages from any counterpart may be appended to any other counterpart to assemble fully executed documents, and counterparts of this License may also be exchanged via email or electronic facsimile machines and any email or electronic facsimile of any party's signature shall be deemed to be an original signature for all purposes.
37. Licensor's Representative. Jones Lang LaSalle Brokerage, Inc. is acting as representative for BNSF Railway Company.

**END OF PAGE – SIGNATURE PAGE FOLLOWS**

This License has been duly executed by the parties hereto as of the date below each party's signature; to be effective, however, as of the Effective Date.

**LICENSOR:**

**BNSF Railway Company**, a Delaware corporation

By: Jones Lang LaSalle Brokerage, Inc.  
4200 Buckingham Rd., Suite 110  
Fort Worth, TX 76155

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**LICENSEE:**

**City of Grand Rapids**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



COORDINATE SYSTEM: MN N

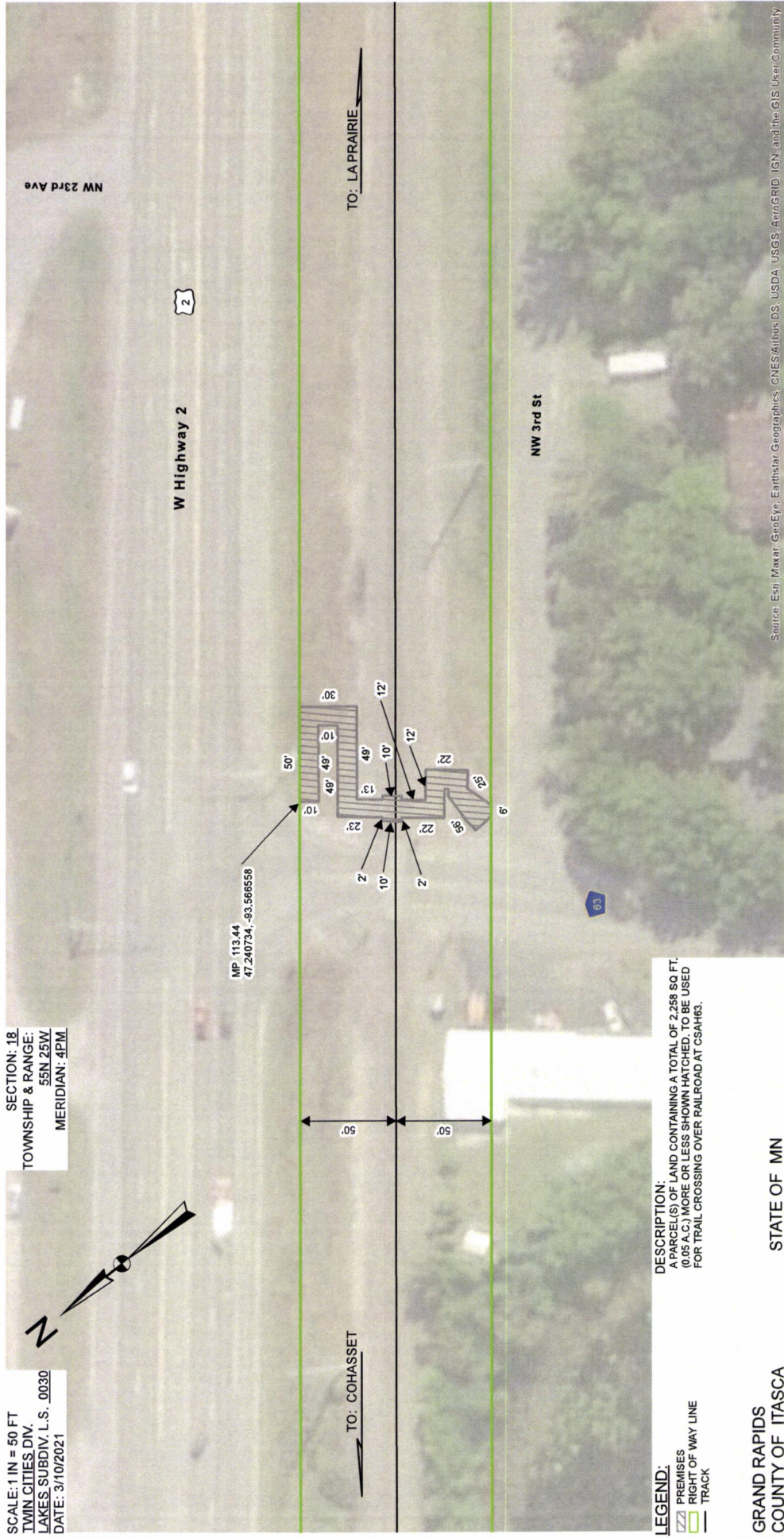
TRACKING NO. 21-57486

**EXHIBIT "A"**  
ATTACHED TO CONTRACT BETWEEN  
**BNSF RAILWAY COMPANY**  
AND

**CITY OF GRAND RAPIDS**

SCALE: 1 IN. = 50 FT  
TWIN CITIES DIV.  
LAKES SUBDIV. L.S. 0030  
DATE: 3/10/2021

SECTION: 18  
TOWNSHIP & RANGE:  
55N 25W  
MERIDIAN: 4PM



DESCRIPTION:  
A PARCEL(S) OF LAND CONTAINING A TOTAL OF 2.258 SQ. FT.  
(0.05 A.C.) MORE OR LESS SHOWN HATCHED TO BE USED  
FOR TRAIL CROSSING OVER RAILROAD AT CSA#83.

**LEGEND:**  
PREMISES  
RIGHT OF WAY LINE  
TRACK

**GRAND RAPIDS**  
**COUNTY OF ITASCA**

**STATE OF MN**

DRAWN BY: NAF DRAWING NO. 81036

Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



AUTHORITY FOR EXPENDITURE

LOCATION : GRAND RAPIDS	LINE SEGMENT : 30	AFE NUMBER :
PLANITEM NUMBER : 237106000	MILEPOST : 113.454	RFA NUMBER : 5940721
PROPERTY OF : BNSF RAILWAY COMPANY	DIVISION : TC	CPAR NUMBER : CB960021
OPERATED BY : BNSF RAILWAY COMPANY	SUBDIVISION : LAKES	BUDGET YEAR : 2021
JOINT FACILITY : ITASCA COUNTY	TRACK TYPE : S	BUDGET CLASS : 6
% BILLABLE (+/-) : 100.0	TAX STATE : MN	REPORTING OFFICE : 121
	SPONSOR : VP ENGINEERING	CENTER/ROLLUP : S3542

PURPOSE, JUSTIFICATION AND DESCRIPTION

PIP TCE DIV LAKES SUB LS 30 MP 113.454 - 100% BILLABLE TO ITASCA COUNTY -- 097686H SURFACE

PLAN ITEM	LINE SEG	BEG MP	END MP	TRK NBR	BEGIN STATION	END STATION	PROJECT TYPE	BUD YEAR
237106000	30	113.454	113.454	S	GRAND RAPIDS	GRAND RAPIDS	PUBLIC IMPROVEMENT PROJECT	2021

	CASH CAPITAL	NONCASH CAPITAL	OPERATING EXP	REMOVAL COSTS	BILLABLE	TOTALS
LABOR COSTS	0	0	0	0	30,548	30,548
MATERIAL COSTS	0	0	0	0	19,027	19,027
OTHER COSTS	0	0	0	0	4,472	4,472
TOTALS	0	0	0	0	54,047	54,047

SYSTEM MAINTENANCE AND PLANNING  
ESTIMATE REF. NUMBER: 5940721  
COSTING DATE: 06/08/2021

PRINTED ON: 06/08/2021  
ESTIMATED BY: JONES  
PRINTED BY: JONES

\*\*\*\*\* MAINTAIN PROPRIETARY CONFIDENTIALITY \*\*\*\*\*

BNSF RAILWAY COMPANY  
FHPM ESTIMATE FOR  
ITASCA COUNTY

LOCATION GRAND RAPIDS

DETAILS OF ESTIMATE

PLAN ITEM : 237106000

VERSION : 1

PURPOSE, JUSTIFICATION AND DESCRIPTION

DESCRIPTION	QUANTITY U/M	COST	TOTAL \$
***** LABOR *****			
PLACE FIELD WELDS - CAP	64.0 MH	2,196	
REMOVE PUBLIC CROSSING	54.0 MH	1,966	
REMOVE TRACK	6.75 MH	246	
REPLACE PUBLIC CROSSING - TOTAL REHAB	56.0 MH	1,804	
SURFACE TRACK - REPLACEMENT - CAP	48.0 MH	1,596	
UNLOAD BALLAST - REPLACEMENT - CAP	6.0 MH	194	
UNLOAD CROSSING MATERIAL - PUBLIC - CAP	28.0 MH	902	
PAYROLL ASSOCIATED COSTS		5,817	
DA OVERHEADS		9,659	
EQUIPMENT EXPENSES		4,613	
INSURANCE EXPENSES		1,555	
TOTAL LABOR COST		30,548	30,548
***** MATERIAL *****			
BALLAST, FOR GENERIC USE ONLY	100.0 NT **	1,054	
PNL TRK, 40FT,136SC,10FT,PNDRL,WOOD	1.0 EA **	6,499	
RAIL, TRANSN,BE,40 FT,136 - 1/4 WORN 132	4.0 EA	3,612	
SPIKE, TBR SCREW 3/4"X13", F/ROAD XING	126.0 EA **	259	
WELDKIT, GENERIC FOR ALL RAIL WEIGHTS	8.0 KT **	600	
CONC 136 08-SEC WITH FILLER FOR 10' WOOD TIES **	16.0 FT **	2,670	
CONCRETE XING RAMP AND PANEL RESTRAINT,	2.0 ST **	639	
MATERIAL HANDLING		762	
ONLINE TRANSPORTATION		1,550	
USE TAX		1,205	
OFFLINE TRANSPORTATION		177	
TOTAL MATERIAL COST		19,027	19,027
***** OTHER *****			
TOTAL OTHER ITEMS COST		0	0
PROJECT SUBTOTAL			49,575
CONTINGENCIES			3,936
BILL PREPARATION FEE			536
GROSS PROJECT COST			54,047
LESS COST PAID BY BNSF			0
TOTAL BILLABLE COST			54,047



## REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Approve seasonal employment of Dalice Hansen  
**PREPARED BY:** Bob Cahill, Director of Golf

---

### **BACKGROUND:**

The position filled is that of Players Assistant. The job is primarily to monitor play on the golf course. Her employment to begin June 29, 2021 and end no later than November 8, 2021. Funding is from the Pokegama Golf Course 2021 Operating Budget.

### **ATTACHMENTS:**

None.

### **REQUESTED COUNCIL ACTION:**

Make a motion approving seasonal employment of Dalice Hansen at the hourly wage of \$11.50.



ITEM # 13b



## REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021

**AGENDA ITEM:** Authorize the Mayor and City Clerk to execute an agreement with Casper Construction for the Linda Lane Ditching Project

**PREPARED BY:** Matt Wegwerth

---

**BACKGROUND:**

At the June 14<sup>th</sup>, 2021 regular meeting the council awarded the low quote for the Linda Lane Ditching Project to Casper Construction. Attached is the standard form of agreement between the owner and contractor which needs to be executed by the Mayor and City Clerk.

**ATTACHMENTS:**

Standard form of Agreement.

**REQUESTED COUNCIL ACTION:**

Make a motion authorizing the Mayor and City Clerk to execute an agreement with Casper Construction for the Linda Lane Ditching Project

**STANDARD FORM OF AGREEMENT  
BETWEEN OWNER AND CONTRACTOR  
ON THE BASIS OF A STIPULATED PRICE**

**THIS AGREEMENT** is by and between the City of Grand Raids  
(Owner) and Casper Construction (Contractor).

Owner and Contractor hereby agree as follows:

**ARTICLE 1 – WORK**

- 1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: Linda Lane Ditching

**ARTICLE 2 – THE PROJECT**

- 2.01 The Project, of which the Work under the Contract Documents is a part, is generally described as follows: Linda Lane Ditching

**ARTICLE 3 – ENGINEER**

- 3.01 The Project has been designed by Short Elliott Hendrickson Inc. (SEH®).

**ARTICLE 4 – CONTRACT TIMES**

4.01 *Time of the Essence*

- A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

4.02 *Contract Times: Dates*

- A. The Work will be substantially completed on or before August 27, 2021 and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions on or before September 9, 2021.

4.03 *Liquidated Damages*

- A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with the Contract. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty):
1. Substantial Completion: Contractor shall pay Owner \$400 for each day that expires after the time (as duly adjusted pursuant to the Contract) specified in Paragraph 4.02.A above for Substantial Completion until the Work is substantially complete.
  2. Completion of Remaining Work: After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time (as duly adjusted pursuant to the Contract) for completion and readiness for final payment, Contractor shall pay Owner \$400 for each day that expires after such time until the Work is completed and ready for final payment.
  3. Liquidated damages for failing to timely attain Substantial Completion and final completion are not additive and will not be imposed concurrently.



#### 4.04 *Special Damages*

- A. In addition to the amount provided for liquidated damages, Contractor shall reimburse Owner (1) for any fines or penalties imposed on Owner as a direct result of the Contractor's failure to attain Substantial Completion according to the Contract Times, and (2) for the actual costs reasonably incurred by Owner for engineering, construction observation, inspection, and administrative services needed after the time specified in Paragraph 4.02 for Substantial Completion (as duly adjusted pursuant to the Contract), until the Work is substantially complete.
- B. After Contractor achieves Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times, Contractor shall reimburse Owner for the actual costs reasonably incurred by Owner for engineering, construction observation, inspection, and administrative services needed after the time specified in Paragraph 4.02 for Work to be completed and ready for final payment (as duly adjusted pursuant to the Contract), until the Work is completed and ready for final payment.
- C. The special damages imposed in this paragraph are supplemental to any liquidated damages for delayed completion established in this Agreement.

#### ARTICLE 5 – CONTRACT PRICE

- 5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents the amounts that follow, subject to adjustment under the Contract:

A. Total of Lump Sum Amount \$ 57,000

#### ARTICLE 6 – PAYMENT PROCEDURES

##### 6.01 *Submittal and Processing of Payments*

- A. Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment will be processed by Engineer as provided in the General Conditions.

##### 6.02 *Progress Payments; Retainage*

- A. Owner shall make progress payments on account of the Contract Price on the basis of Contractor's Applications for Payment during performance of the Work as provided in Paragraph 6.02.A.1 below, provided that such Applications of Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract:
  - 1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract:
    - a. 95 percent of Work completed (with the balance being retainage).
    - b. 95 percent of cost of materials and equipment not incorporated in the Work (with the balance being retainage).
  - 2. Within 60 days after Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract.
    - a. 99 percent of Work completed (with the balance being retainage) less 250 percent of the cost to correct or complete work known at the time of Substantial Completion.



- B. Within 60 days of Substantial Completion, Owner shall pay an amount sufficient to increase total payments to Contractor to 100 percent of the Work completed; less such amounts set off by Owner pursuant to Paragraph 15.01.E of the General Conditions; and less 250 percent of Engineer's estimate of the value of Work to be completed or corrected as shown on the punch list of items to be completed or corrected prior to final payment. Upon completion or correction and acceptance of said Work, Owner shall pay the amounts withheld within 60 days as recommended by Engineer.
1. After Substantial Completion Owner shall also withhold one percent of the value of the Contract or \$500, whichever is greater, pending completion and submission of all "final paperwork" by the Contractor as defined by Minnesota Statutes, section 15.72, subdivision 2.(e)(2). Owner shall pay said amount withheld after Substantial Completion within 60 days of submission of all final paperwork as recommended by Engineer.

**6.03 Final Payment**

- A. Upon final completion and acceptance of the Work in accordance with Paragraph 15.06 of the General Conditions, Owner shall pay the remainder of the Contract Price as recommended by Engineer as provided in said Paragraph 15.06.

**6.04 Interest**

All amounts not paid when due shall bear interest at the rate of 1.5 percent per annum.

**ARTICLE 7 – CONTRACT DOCUMENTS**

**7.01 Contents**

- A. The Contract Documents consist of the following:

1. Quotation Form (pages 1 to 2, inclusive).
2. This Agreement (pages 00 52 00-1 to 00 52 00-6, inclusive).
3. Drawings consisting of 19 sheets with each sheet bearing the following general title: 2021 Linda Lane Ditching.
4. Exhibits to this Agreement (enumerated as follows).
  - a. Documentation submitted by Contractor prior to Notice of Award (page 1).
  - b. Certificate of Insurance.
5. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:
  - a. Notice to Proceed.
  - b. Field Order(s).
  - c. Work Change Directive(s).
  - d. Change Order(s).

- B. The documents listed in Paragraph 7.01.A are attached to this Agreement (except as expressly noted otherwise above).

- C. There are no Contract Documents other than those listed above in this Article 7.

- D. The Contract Documents may only be amended, modified, or supplemented as provided in the General Conditions.

**ARTICLE 8 – REPRESENTATIONS, CERTIFICATIONS, AND STIPULATIONS**

**8.01 Contractor's Representations**

A. In order to induce Owner to enter into this Contract, Contractor makes the following representations:

1. Contractor has examined and carefully studied the Contract Documents, and any data and reference items identified in the Contract Documents.
2. Contractor has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
3. Contractor is familiar with and is satisfied as to all Laws and Regulations that may affect cost, progress, and performance of the Work.
4. Contractor has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site, especially with respect to Technical Data in such drawings, at or adjacent to the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.
5. Contractor has considered the information known to Contractor itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings identified in the Contract Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor; and (3) Contractor's safety precautions and programs.
6. Based on the information and observations referred to in the preceding paragraph, Contractor agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract.
7. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
8. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.
9. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.
10. Contractor's entry into this Contract constitutes an incontrovertible representation by Contractor that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

8.02 *Contractor's Certifications*

- A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 8.02:
1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;
  2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;
  3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and



4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

## ARTICLE 9 – MISCELLANEOUS

### 9.01 *Terms*

- A. Terms used in this Agreement will have the meanings stated in the General Conditions and the Supplementary Conditions.

### 9.02 *Assignment of Contract*

- A. Unless expressly agreed to elsewhere in the Contract, no assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, money that may become due and money that is due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

### 9.03 *Successors and Assigns*

- A. Owner and Contractor each binds itself, its successors, assigns, and legal representatives to the other party hereto, its successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

### 9.04 *Severability*

- A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.



IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement.

This Agreement will be effective on June 14, 2021 (which is the Effective Date of the Contract).

OWNER:

City of Grand Rapids

By: \_\_\_\_\_

Title: \_\_\_\_\_

[CORPORATE SEAL]

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Giving Notices:

City of Grand Rapids

420 N Pokegama Avenue

Grand Rapids, MN 55744

(If Owner is a corporation, attach evidence of authority to sign. If Owner is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of Owner-Contractor Agreement).

Designated Representative:

Name: Matt Wegwerth

Title: Public Works Director/City Engineer

Address: 420 N Pokegama Avenue

Grand Rapids, MN 55744

Phone: 218.326.7625

Facsimile: 218.326.7621

CONTRACTOR:

Casper Construction

By: *[Signature]*

Title: *President*

[CORPORATE SEAL]

Attest: *[Signature]*

Title: *Project Manager*

Address for Giving Notices:

Casper Construction

PO Box 480

Grand Rapids, MN 55744

License No. *N/A*  
(Where Applicable)

Agent for service of process: *Dan Watkins*

(If Contractor is a corporation or a partnership, attach evidence of authority to sign.)

Designated Representative:

Name: Lance Schultz

Title: *President*

Address: PO Box 480

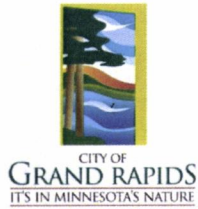
Grand Rapids, MN 55744

Phone: 218.326.9637

Facsimile: 218.326.9638

END OF DOCUMENT

## ITEM # 14 & 15



### REQUEST FOR CITY COUNCIL CONSIDERATION

**AGENDA DATE:** June 28, 2021  
**AGENDA ITEM:** Conduct a Public Hearing to consider giving host approval and consent to the issuance by the City of International Falls, Minnesota's Housing and Health Care Facilities Revenue Note, Series 2021.  
**PREPARED BY:** Barb Baird

---

#### **BACKGROUND:**

At the May 24, 2021, Council meeting, the City Council approved a resolution authorizing host approval and consent to the issuance by the City of International Falls, MN of revenue notes or obligations on behalf of Northland Counseling Center, Inc., and called for a public hearing.

Northland Counseling Center, Inc., a Minnesota nonprofit corporation and 501(c)(3) organization, proposes to use the proceeds of the Notes to (i) finance and refinance, in part, the acquisition, renovation, construction, and equipping of an existing health care facility located at 1902 Valley Pine Circle in International Falls, (ii) refinance certain existing taxable debt of the Borrower related to the acquisition, renovation, construction, and equipping of certain existing health care and/or multifamily housing facilities of the Borrower located at 2000 Spruce Street in International Falls and at 213 Southeast 11th Street, 510 Southeast 13th Street, 1307 South Pokegama Avenue, 402 Southeast 13th Street, 18134 River Road, and 18195 South Crystal Springs Road in the City; (iii) fund any required reserve funds, and (iv) pay all or a portion of costs of issuance of the Notes.

The Notes, if and when issued, will not constitute a charge, lien or encumbrance upon any property of the City or International Falls, except the Project, and such obligation will not be a charge against the general credit or taxing powers of the City or International Falls but will be payable from sums to be paid by the Borrower pursuant to a revenue agreement.

Northland Counseling Center is requesting that the City of International Falls, MN issue an amount not to exceed \$4,000,000 in tax-exempt bonds for this project.

#### **ATTACHMENTS:**

Resolution giving Host Approval for Northland Counseling Project

**REQUESTED COUNCIL ACTION:**

Make a motion to approve a resolution giving Host approval to the issuance of the City of International Falls, Minnesota's Housing and Health Care Facilities Revenue Note, Series 2021 in the aggregate principal amount not to exceed \$4,000,000. (Northland Counseling Project)



Extract of Minutes of a Meeting of the  
City Council of the  
City of Grand Rapids, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Grand Rapids, Minnesota, was duly held at the City Hall in said City on Monday, the 28th day of June, 2021, at or after 5:30 P.M.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION GIVING HOST APPROVAL TO THE ISSUANCE  
OF THE CITY OF INTERNATIONAL FALLS, MINNESOTA'S  
HOUSING AND HEALTH CARE FACILITIES REVENUE NOTE, SERIES 2021  
(NORTHLAND COUNSELING CENTER PROJECT)**

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_, and after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

(a) WHEREAS, Minnesota Statutes, Chapter 462C and Sections 469.152 through 469.165, as amended (collectively, the "Act"), authorizes cities to issue revenue bonds or other obligations to finance or refinance the cost of planning, administering, making, or purchasing loans with respect to one or more multifamily housing developments and/or health care facilities and to enter into agreements necessary or convenient in the exercise of powers granted by the Act; and

(b) WHEREAS, Minnesota Statutes, Section 471.656, as amended, authorizes a municipality to issue obligations to finance the acquisition or improvement of property located outside of the corporate boundaries of such municipality if the governing body of the city in which such property is located consents, by resolution, to the issuance of the obligations; and

(c) WHEREAS, Northland Counseling Center, Inc. (the "Borrower"), a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has proposed that the City of International Falls, Minnesota (the "Issuer"), undertake a program to finance the Project described below through the issuance of revenue bonds or other obligations in one or more series pursuant to the Act, and in connection with that proposal, the Issuer is expected to issue and sell its Housing and Health Care Facilities Revenue Note, Series 2021 (Northland Counseling Center Project) (the "Obligations"), to Park State Bank, a Minnesota banking corporation (the "Lender"), or another banking institution with one or more locations in Minnesota, in the total aggregate principal amount not to exceed \$4,000,000; and

(d) The Borrower has represented to Grand Rapids that the State of Minnesota has previously allocated \$2,374,928 in grant funding to Koochiching County, Minnesota (the "County"), under the provisions contained in 2018 Laws of Minnesota, Ch. 214, article 1, section 18, subdivision 5, and Minnesota Statutes, Section 245G.011, for the purpose of financing, in part, the renovation, construction, and equipping of the mental health care facility of the Borrower located at 1902 Valley Pine Circle in the Issuer (the "G.O. Grant Project");

(e) To induce the County to fund the G.O. Grant Project, the Borrower has proposed that the Issuer issue the Obligations in order to finance a "Project" consisting of: (i) financing, in part, the G.O. Bond Project; (ii) refinancing the Promissory Note dated as of July 28, 2017, in the original principal amount of \$190,000, from the Borrower to Bremer Bank, National Association, which financed the acquisition and improvement of 2000 Spruce Street in the Issuer, and the Promissory Note dated as of July 16, 2018, in the original principal amount of \$542,200, from the Borrower to American Bank of the North, which collectively financed the acquisition and improvement of 18195 South Crystal Springs Road and 18134 River Road in Grand Rapids (the "Prior Notes"); (iii) financing certain improvements to, and the equipping of, certain existing mental health care and/or multifamily housing facilities of the Borrower located at 213 Southeast 11th Street, 510 Southeast 13th Street, 1307 South Pokegama Avenue, 402 Southeast 13th Street, and 18134 River Road in Grand Rapids; and (iv) financing all or a portion of the costs of issuing the Obligations (collectively, the "Project"). All of the facilities to be financed or refinanced with the proceeds of the Obligations will be owned and operated by the



Borrower, except as provided in the Ground Lease for Northland Integrated Behavioral Health Services Center anticipated to be dated as of July 8, 2021, between the Borrower, as landlord, and the County, as tenant, relating to the G.O. Grant Project; and

(f) WHEREAS, as required by the Act and Section 147(f) of the Code, a Notice of Public Hearing was published in the official newspaper and newspaper of general circulation of Grand Rapids, for a public hearing on the proposed issuance of the Obligations by the Issuer and the proposal to undertake and finance the Project; and

(g) WHEREAS, as required by the Act and Section 147(f) of the Code, the City Council of Grand Rapids has on this same date held a public hearing on the issuance of the Obligations by the Issuer and the proposal to undertake and finance the Project located within the jurisdictional limits of Grand Rapids, at which all those appearing who desired to speak were heard and written comments were accepted; and

(h) WHEREAS, Grand Rapids has been advised that the Obligations, as and when issued, will not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of Grand Rapids or the Issuer, except the revenues to be derived from one or more loan agreements to be entered into between the Issuer and the Borrower (the "Loan Agreement"). Such Obligations will not give rise to a pecuniary liability of Grand Rapids or the Issuer or be a charge against the general credit or taxing powers of Grand Rapids or the Issuer, but are payable from sums to be paid by the Borrower pursuant to the Loan Agreement; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Grand Rapids, Minnesota, as follows:

1. Recital of Representations Made by the Borrower. The Borrower has agreed to pay any and all costs incurred by Grand Rapids in connection with the issuance of the Obligations, whether or not such issuance is carried to completion.

2. Host Approval. The City Council hereby gives the host approval required under Section 147(f) of the Code and, pursuant to Minnesota Statutes, Section 471.656, Subd. 2(2), the City Council hereby consents to the issuance of the Obligations by the Issuer.

3. Electronic Signatures Authorized. The execution of any instrument by the appropriate officer or officers of Grand Rapids herein authorized may be by electronic signature if such an option is available and shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. For purposes of this paragraph: (i) "electronic signature" means a manually signed original signature, an electronic image of a handwritten signature, or a digital signature provided by DocuSign, Adobe Sign, or any other electronic signature provider acceptable to the parties, which in each case is transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a PDF (i.e. portable document format) or other replicating image attached to an electronic mail or internet message.

(The remainder of this page is intentionally left blank.)



Adopted by the City Council of the City of Grand Rapids, Minnesota, this 28th day of June, 2021.

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Mayor

ATTEST:

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City Clerk

STATE OF MINNESOTA  
COUNTY OF ITASCA  
CITY OF GRAND RAPIDS

I, the undersigned, being the duly qualified and acting City Clerk of the City of Grand Rapids, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City duly called and held on the date therein indicated, insofar as such minutes relate to giving host approval to the issuance of a revenue obligation for a project in said City.

WITNESS my hand this \_\_\_\_ day of June, 2021.

\_\_\_\_\_  
City Clerk