



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

**ANNUAL COMPREHENSIVE
FINANCIAL
REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2022

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF GRAND RAPIDS, MINNESOTA

For The Year Ended
December 31, 2022

Prepared by:

Finance Department

Barbara Baird
Finance Director

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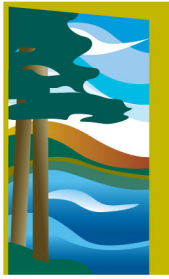
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I. INTRODUCTORY SECTION

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June 7, 2023

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

The Annual Comprehensive Financial Report (ACFR) for the City of Grand Rapids for the fiscal year ended December 31, 2022, 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, 2022, 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, 2022, 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 11,283. The City of Grand Rapids signed an Annexation Agreement with the Grand Rapids Township in 2000 and the City annexed the last area of the Township on January 1, 2010. The City of Grand Rapids is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation. The City is the region's retail trade, health care, education and cultural center with a market draw of more than 49,000 people.

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

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

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

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. All agencies of the City of Grand Rapids are required to submit requests for appropriation to the City Administrator in May of each year for the following year's budget. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator meets with the Council to develop a budget. The Council is required to hold a public hearing on the proposed budget and certify an adopted final budget to the County Auditor by no later than December 30.

The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfer of appropriations between departments, however, require the special approval of the governing Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 98 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 142-149.

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 now reorganized and rebranded as Minnesota North College, Itasca Campus.

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. According to company officials, in 2022, Blandin had one of its best years in a very long time. This surge stems from a couple of factors. First, Blandin has fewer competitors in the marketplace, with other North American coated paper manufacturers going off line or converting to other products. Second, mills owned by UPM in Europe have experienced strikes and difficulties presented by past reliance on raw materials sourced from Russia.

Grand Rapids is also home to Yanmar Compact Equipment North America, Inc. (formerly known ASV Holdings, Inc). Yanmar currently employs approximately 243 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders together with a parts distribution center. They employed 153 in 2017, prior to them bringing their parts distribution in house. 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. The City and Grand Rapids EDA have successfully worked with Yanmar, the Minnesota Department of IRRR and MN DEED to facilitate an expansion of Yanmar, which will be under construction in May of 2023. The City of Grand Rapids approved a tax abatement to assist this project. As with all tax abatement and TIF provided by the City of Grand Rapids, it was reviewed to confirm that the request was consistent with the *Economic Development Policies* (business

subsidy policy). This review process ensures that the City benefits from the use of public assistance in measurable ways, such as increased tax base, new and retained jobs that provide a living wage, addressing housing needs, or redevelopment of marginal, blighted, property.

The proposed project involves a significant expansion of the Grand Rapids production facility with the addition of a 30,000 square feet addition to the plant, site improvements, assembly layout modifications, additional equipment and staffing.

Two major elements of the ASV/Yanmar business plan are driving the need to expand. First, a significant ramp-up in the production of ASV and Yanmar branded Compact Track Loaders (CTL); both existing products and the planned launch of new products to keep pace with the growing demand. Second, a relocation of a line of Yanmar Compact Mini Excavator (CEX) production from Japan to the Grand Rapids facility, designed to serve the North American market. Between this year and the end of 2026, ASV/Yanmar projects the addition of 284 production and operations jobs and 79 administrative and professional positions.

The City and Grand Rapids EDA are working with developers interested in addressing the current and increasing demand for housing in the community. The EDA has entered into a preliminary development agreement with Oppidan, Inc. for their prospective development of a 132-unit apartment on EDA property. The EDA is also working with the development firm Shafer-Richardson on their interest in a 76-unit apartment downtown. In addition, the EDA is platting the former site of an elementary school for the development of 22 single family home and are also working with local investors on the redevelopment of the former wastewater treatment plant site, to create a 60-unit manufactured home community.

In 2018, the City of Grand Rapids entered into a contract for private development with Rebound Hospitality, including the creation of a TIF redevelopment district, involving the demolition of the recently closed Sawmill Inn and the construction of a new Best Western Plus hotel. Construction of the 82-unit hotel began in the fall of 2021 and was completed in the fall of 2022.

In addition to the Best Western Plus hotel project, a permit has been issued for a 64-unit My Place extended stay hotel on the cleared site of the former K-Mart. This project will commence in the spring of 2023 and will be open in spring of 2024.

Building permit activity in 2022 was again at a record level, in excess of the 20-year annual average of \$25.5M, with permits for projects reaching a total value of \$76.0M. Commercial projects accounted for \$16.5M of the total, it was above the 18-year average of \$14.5M of annual permitted commercial construction. In terms of the number of permits issued, the 2022 total of 447 permits was below the 10 year average of 550.

In 2022 development highlights included the construction of a new \$4.3M Zips Car Wash, the permitting of the \$5.4M MyPlace Hotel and the construction of a \$2.0M Cenex Convenience Store. Other projects completed in 2022 included an addition to Rapid Brewing Company and the conversion of a former credit union into a Caribou Cabin. The most significant project permitted in 2022 was the Itasca County Justice Center, jail/court addition, valued at \$54.2M.

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 expenditure 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 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.

In 2022, the City implemented the lease accounting standard, the latest Governmental Accounting Standards Board (GASB) Statement 87. Under the standard, state and local government organizations are required to capitalize most leases on the balance sheet, reporting them as right-of-use assets and lease liabilities.

Major initiatives

The City is working on several major initiatives as follows:

1. Construction has begun on the IRA Civic Center as of March 1, 2023. The project cost is \$15.5 million with funding from: \$5 million in State Bonding, \$5.98 million in local option sales and use tax, and \$4.52 million in local bonds paid for with rental fees.
2. The City Council is considering imposing a franchise fee on electrical customers within the city. This fee would generate \$2 million in revenue annually.
3. Fleet maintenance is critical to the City's day-to-day operations. It is also challenging to finance over 45 vehicles. To improve the vehicle fleet, and provide safe, reliable vehicles, the city has entered into an agreement with Enterprise Fleet Maintenance. Over the next five years, this should bring the average age of our vehicle to approximately 4 years with an annual cost of \$150k.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This was the thirtieth 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 ACFR. 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 ACFR 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 maintaining high financial standards has helped the City maintain its strong financial condition.

Respectfully submitted,



Tom Pagel
City Administrator



Barbara A. Baird
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Grand Rapids
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

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GRAND RAPIDS, CITY OF
PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS
 December 31, 2022

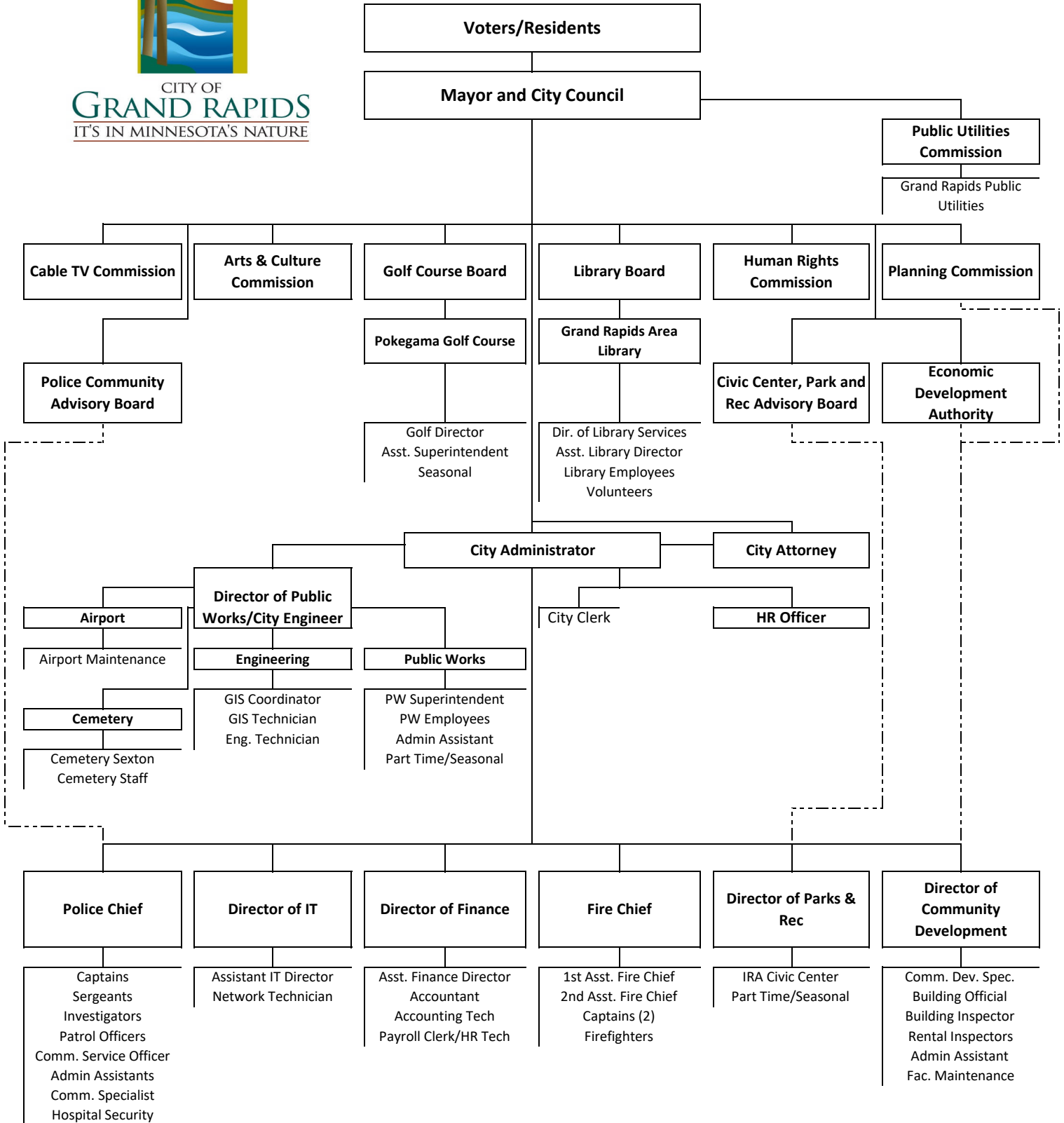
| | <u>Term Expires</u> |
|--|---------------------|
| Mayor: Dale Christy | December 31, 2022 |
| Council Members: | |
| Dale Adams | December 31, 2024 |
| Tasha Connelly | December 31, 2024 |
| Richard Blake | December 31, 2022 |
| Michelle Toven | December 31, 2022 |
| City Administrator..... Tom Pagel | |
| Finance Director - Treasurer..... Barbara Baird | |
| Fire Chief..... Travis Cole | |
| Director of Library Services..... William Richter | |
| Director of Community Development..... Rob Mattei | |
| Human Resource Officer..... Cheryl Pierzina | |
| City Clerk..... Kim Johnson-Gibeau | |
| Public Works Director / City Engineer..... Matt Wegwerth | |
| Chief of Police..... Steve Schaar | |
| Information Technology..... Erik Scott | |
| Director of Golf Operations..... Robert Cahill | |
| Director of Parks and Recreation..... Dale Anderson | |

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

City of Grand Rapids, Minnesota City Operations Organizational Chart



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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit), which represent 45 percent, 44 percent, and 57 percent, respectively, of the assets, net position, and revenues of the primary government and its discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Utilities Commission, is based solely on the report of the other auditors. The financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Grand Rapids, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Grand Rapids, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Grand Rapids, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Change in Accounting Principle

As described in Note 23 to the financial statements, the City of Grand Rapids, Minnesota adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Rapids, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical, and other information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2023 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of Grand Rapids, Minnesota's internal control over financial reporting and compliance.

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

June 7, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. 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 6 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 \$65,338,292 (net position).

The City's total net position increased by \$368,587. The governmental activities of the City increased by \$181,910. This increase is due to the investment in capital outlay.

The business-type activities increased by \$186,677 due to an increase in Golf Course revenue. The Storm Water Utilities had a decrease in expenditures due to less time spent working on storm water utilities with a decrease in personnel costs.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,313,781. Of this amount, \$13,411,151 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 \$7,628,840. Of that amount, \$1,411,674 was in a non-spendable form, \$35,374 was restricted, \$1,169,769 was committed and \$5,012,023 was unassigned.

The City's total debt increased from \$26,686,627 to \$34,132,801 (excluding compensated absences). The City issued General Obligation Temporary Bonds, Series 2022A for \$10,000,000.

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 2022, 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
- Civic Center Capital Improvements
- 2022 Infrastructure/ARPA

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 96 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, custodial 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 139 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$65,338,292 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$50,690,129, or 78%) 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 | |
|--------------------------------------|-------------------------|--------------|--------------------------|-------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets: | | | | | | |
| Current and other assets | \$30,097,256 | \$22,028,726 | \$944,318 | \$752,040 | \$31,041,574 | \$22,780,766 |
| Capital assets | 74,916,682 | 73,667,622 | 2,790,676 | 2,756,809 | 77,707,358 | 76,424,431 |
| Total assets | 105,013,938 | 95,696,348 | 3,734,994 | 3,508,849 | 108,748,932 | 99,205,197 |
| Total deferred outflows of resources | 5,948,314 | 3,521,770 | - | - | 5,948,314 | 3,521,770 |
| Liabilities: | | | | | | |
| Long-term liabilities outstanding | 42,311,561 | 27,929,884 | 18,576 | 11,612 | 42,330,137 | 27,941,496 |
| Other liabilities | 6,029,493 | 4,806,229 | 112,555 | 121,152 | 6,142,048 | 4,927,381 |
| Total liabilities | 48,341,054 | 32,736,113 | 131,131 | 132,764 | 48,472,185 | 32,868,877 |
| Total deferred inflows of resources | 845,668 | 4,888,385 | 41,101 | - | 886,769 | 4,888,385 |
| Net position: | | | | | | |
| Net investment in capital assets | 47,899,453 | 48,653,953 | 2,790,676 | 2,756,809 | 50,690,129 | 51,410,762 |
| Restricted | 9,316,590 | 9,519,302 | - | - | 9,316,590 | 9,519,302 |
| Unrestricted | 4,559,487 | 3,420,365 | 772,086 | 619,276 | 5,331,573 | 4,039,641 |
| Total net position | \$61,775,530 | \$61,593,620 | \$3,562,762 | \$3,376,085 | \$65,338,292 | \$64,969,705 |

Management's Discussion and Analysis

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$5,331,573.

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

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

Net position was impacted by \$4,801,083 at December 31, 2022 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 | \$5,547,391 |
| Noncurrent assets | - |
| Deferred inflows of resources | (164,178) |
| Noncurrent liabilities | <u>(10,184,296)</u> |
| Total | <u>(\$4,801,083)</u> |

Governmental Activities

Governmental activities increased the City's net position by \$181,910 in 2022. Key elements of this increase are as follows:

- Annual principal payments on bonds were less than new bond debt issued during the year. Therefore, increase of debt decreased the City's net position.
- Operating grants and contributions increased \$1,094,949 due to drawing down our Minnesota State Aid and an Iron Range Resources and Rehabilitation grant for \$465,800.
- Capital grants and contributions decreased by \$1,181,374 due to a one time grant from the Department of Transportation Aeronautics Division to rehabilitate Runway 16/34 at the Grand Rapids/Itasca County Airport in 2021.

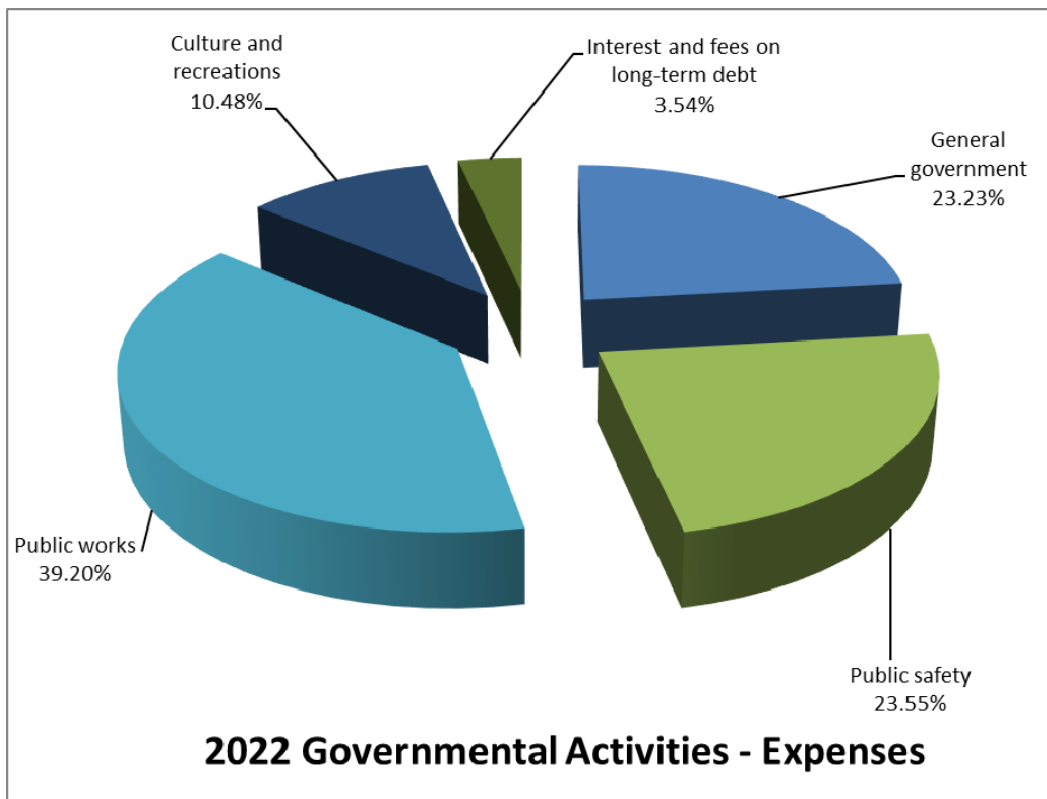
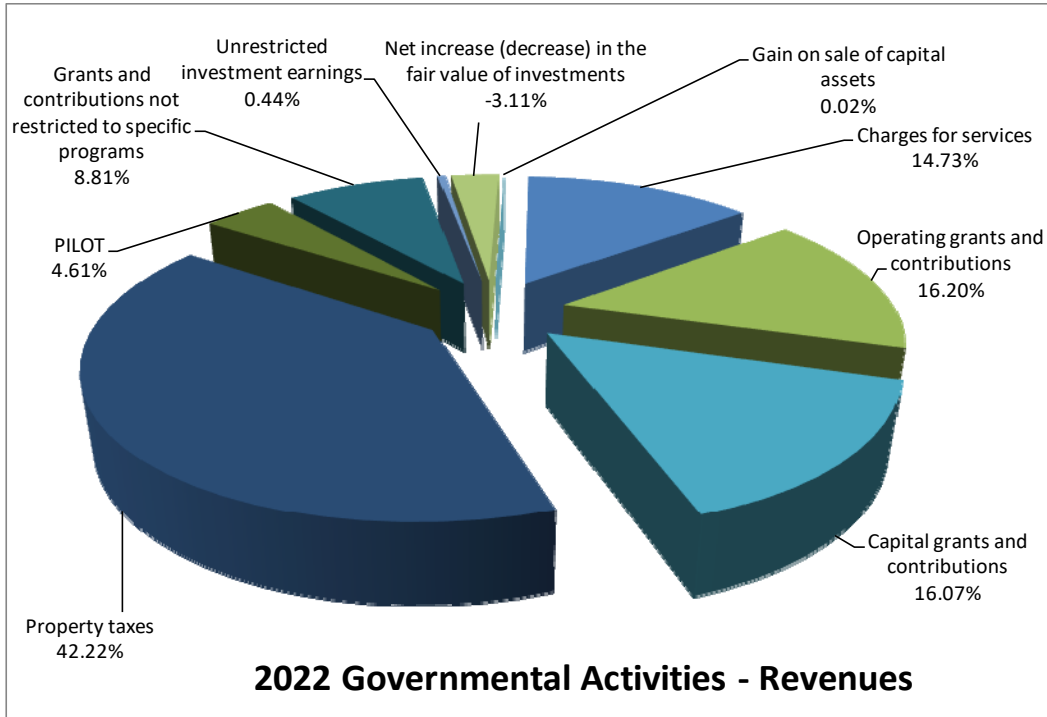
Management's Discussion and Analysis

City of Grand Rapids' Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$2,953,665 | \$2,870,644 | \$1,736,148 | \$1,657,616 | \$4,689,813 | \$4,528,260 |
| Operating grants and contributions | 3,248,624 | 2,153,675 | - | - | 3,248,624 | 2,153,675 |
| Capital grants and contributions | 3,221,907 | 4,403,281 | - | 115,400 | 3,221,907 | 4,518,681 |
| General revenues: | | | | | | |
| Taxes | 8,464,200 | 7,924,863 | - | - | 8,464,200 | 7,924,863 |
| Payments in lieu of taxes (PILOT) | 924,990 | 914,886 | - | - | 924,990 | 914,886 |
| Grants and contributions not restricted to specific programs | 1,766,907 | 2,096,967 | - | - | 1,766,907 | 2,096,967 |
| Unrestricted investment earnings | 88,991 | 107,623 | 6,439 | 5,229 | 95,430 | 112,852 |
| Net increase (decrease) in the fair value of investments | (623,194) | - | (42,515) | - | (665,709) | - |
| Gain (loss) on sale of capital assets | 3,341 | 67,402 | - | - | 3,341 | 67,402 |
| Other | - | 70,478 | - | - | - | 70,478 |
| Total revenues | <u>20,049,431</u> | <u>20,609,819</u> | <u>1,700,072</u> | <u>1,778,245</u> | <u>21,749,503</u> | <u>22,388,064</u> |
| Expenses: | | | | | | |
| General government | 4,615,082 | 3,727,831 | - | - | 4,615,082 | 3,727,831 |
| Public safety | 4,678,868 | 3,907,045 | - | - | 4,678,868 | 3,907,045 |
| Public works | 7,788,447 | 6,633,805 | - | - | 7,788,447 | 6,633,805 |
| Culture and recreation | 2,081,855 | 1,954,824 | - | - | 2,081,855 | 1,954,824 |
| Interest and fees on long-term debt | 703,269 | 715,158 | - | - | 703,269 | 715,158 |
| Golf course | - | - | 858,647 | 712,099 | 858,647 | 712,099 |
| Storm water utility | - | - | 654,748 | 613,529 | 654,748 | 613,529 |
| Total expenses | <u>19,867,521</u> | <u>16,938,663</u> | <u>1,513,395</u> | <u>1,325,628</u> | <u>21,380,916</u> | <u>18,264,291</u> |
| Change in net position | 181,910 | 3,671,156 | 186,677 | 452,617 | 368,587 | 4,123,773 |
| Net position - January 1 | <u>61,593,620</u> | <u>57,922,464</u> | <u>3,376,085</u> | <u>2,923,468</u> | <u>64,969,705</u> | <u>60,845,932</u> |
| Net position - December 31 | <u>\$61,775,530</u> | <u>\$61,593,620</u> | <u>\$3,562,762</u> | <u>\$3,376,085</u> | <u>\$65,338,292</u> | <u>\$64,969,705</u> |

Management’s Discussion and Analysis

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



Business-Type Activities

Business-type activities increased the City's net position by \$186,677 in 2022. 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 \$21,891 in 2022 compared to an \$177,072 increase in 2021. The Golf Course had a 4% 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 \$189,067 in 2022 compared to a \$254,330 increase in 2021. The over budget revenue streams are offset by the net decrease in the fair value of investments that was not budgeted for and the actual decrease in fair value of investments. 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 \$22,313,781. Approximately 6% of this total amount (\$1,447,367) constitutes non-spendable fund balance and approximately 60% (\$13,411,151) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$2,200,556) and assigned (\$1,748,247) by City Council, as well as unassigned fund balance (\$3,506,460). Additional information about the City's fund balance classifications can be found in Note 16.

The general fund balance increased by \$74,292 in 2022, compared to a \$212,839 increase in 2021. Prior to other financing sources and uses and special items, the General Fund balance increased \$472,045 in 2022 compared to a \$843,725 increase in 2021. Key elements of this increase are as follows:

- Intergovernmental revenue decreased \$333,939 due to a one-time grant from Iron Range Resources and Rehabilitation in the amount of \$230,000 for the Solar Garden project and State Emergency funding for storm damage in 2021.
- Charges for services increased \$67,259 primarily due to an increase in Rental Inspection fees and Fleet Maintenance charges. Grand Itasca charges for services increased by \$21,800 for more services requested by the Clinic and Hospital.
- There was a \$245,190 unrealized loss on the change in fair value of investments recognized.
- Miscellaneous expenditures decreased \$147,155 due to a one-time only grant payment to the Grand Rapids Public Utilities for the Solar Garden Project.

Management's Discussion and Analysis

The Capital Equipment Replacement fund had a fund balance decrease of \$572,752 due to purchasing a new fire truck and \$187,417 for new self-contained breathing apparatuses for the Fire Department.

The Civic Center Capital Improvement fund had a fund balance increase of \$8,360,370 due to issuance of the General Obligation Temporary Bonds of 2022A.

The 2022 Infrastructure/ARPA fund had a fund balance decrease of \$164,224 due to construction starting on the 21st Street SW Extension project.

The non-major special revenue funds increased by \$103,892 for 2022 due to a \$24,000 increase in intergovernmental revenue for the Public Library. The Grand Rapids/Itasca County Airport received two grants, one was an Airport Rescue Grant for \$59,000 and the other one was an Airport Coronavirus Response and Relief Supplemental Appropriation for \$23,000.

The non-major debt service funds increased by \$4,733 due to an operating transfer of capitalized interest for the General Obligation Temporary Bonds, Series 2022A in the amount of \$179,811.

The non-major capital project funds decreased by \$749,889 due to closing fund 2020 Infrastructure Bonds and project costs of \$224,750 in fund 2021 Infrastructure Bonds. The funds also had \$232,151 of net decrease in fair value of investments.

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 \$18,958. Operating revenues increased by \$87,677 due to a 19% increase in the number of rounds played and an increase of \$16,197 in season pass sales.

The Storm Water Utility had an operating income of \$215,449. Operating revenues decreased by \$16,190 due to billing cycle changes implemented by Grand Rapids Public Utilities in 2021. Operating expensed increased by \$17,402 due to increased costs to motor fuels and personnel services.

Budgetary Highlights

General Fund. The General Fund had an increase in fund balance of \$74,292. The General Fund revenue was over budget by \$155,586 due to several items. Licenses and Permits was over by \$181,963 because of the construction of a new Itasca County Justice Center and a new hotel. Charges for services were over budget by \$52,307 due an unbudgeted increase in Security fees for Grand Itasca Clinic and Hospital. Public Works fees and grounds maintenance fees were under budgeted by \$22,245. Unorganized Township Fire fees came in \$22,000 over budget. Intergovernmental Revenues were over budget by \$158,041 primarily due to an increase in Taconite value homestead credit of \$117,254. State Emergency funding for storm damage is in the amount of \$11,894. These over budget revenue streams are offset by the net decrease in the fair value of investments that was not budgeted for and the actual decrease in fair value of investments was \$245,190 and was due to decreasing interest rates and market conditions.

Management’s Discussion and Analysis

Total expenditures were over budget by \$90,580. This is due to Public Works being over budget by \$200,000. This was due to April 2022 being the 5th coldest on record while being the 13th most in total precipitation. The City received 26.1 inches of snow during the month of December 2022. These factors require additional plowing and the overage cost of fuel increased by 5.18%.

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, 2022, amounts to \$77,707,358. (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 | |
|---------------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land and land improvements | \$6,739,252 | \$7,095,296 | \$919,686 | \$919,686 | \$7,658,938 | \$8,014,982 |
| Artwork | 182,565 | 19,800 | - | - | 182,565 | 19,800 |
| Construction in progress | 14,671,448 | 13,063,385 | - | - | 14,671,448 | 13,063,385 |
| Building and improvements | 10,789,935 | 10,599,387 | 1,451,047 | 1,360,332 | 12,240,982 | 11,959,719 |
| Vehicles, equipment and furnitu | 5,050,771 | 4,705,456 | 419,943 | 476,791 | 5,470,714 | 5,182,247 |
| Infrastructure | 37,482,711 | 38,184,298 | - | - | 37,482,711 | 38,184,298 |
| Total | \$74,916,682 | \$73,667,622 | \$2,790,676 | \$2,756,809 | \$77,707,358 | \$76,424,431 |

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 \$34,132,801 (excluding compensated absences), an increase of \$7,446,174 from 2021. Of the total outstanding amount:

- \$6,040,000 is general obligation improvement debt that is supported in part by special assessments,
- \$580,000 is general obligation tax increment debt which is financed through the City’s economic development program,
- \$26,765,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$747,801 is a combined total of unamortized bond premiums.

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 | |
|--|-------------------------|---------------------|--------------------------|------------|---------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General obligation improvement bonds | \$6,040,000 | \$7,650,000 | \$ - | \$ - | \$6,040,000 | \$7,650,000 |
| General obligation tax increment bonds | 580,000 | 615,000 | - | - | 580,000 | 615,000 |
| Other general obligation bonds | 26,765,000 | 17,615,000 | - | - | 26,765,000 | 17,615,000 |
| Capital leases, loans, bond premium | 747,801 | 806,627 | - | - | 747,801 | 806,627 |
| Total | \$34,132,801 | \$26,686,627 | \$0 | \$0 | \$34,132,801 | \$26,686,627 |

The City issued General Obligation Temporary Bonds, Series 2022A for \$10,000,000 in 2022.

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 \$26,751,981. Of the City’s outstanding debt, \$17,848,824 is counted within the statutory limitation.

Additional information on the City’s long-term debt can be found in Note 8.

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

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BASIC FINANCIAL STATEMENTS

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| | Primary Government | | | Component Units | |
|--|---------------------|--------------------|---------------------|--------------------|---------------------|
| | Governmental | Business-Type | Total | Economic | Public |
| | Activities | Activities | | Development | Utilities |
| | | | Authority | Commission | |
| Assets: | | | | | |
| Cash and investments | \$23,639,579 | \$930,046 | \$24,569,625 | \$1,185,630 | \$5,279,834 |
| Accrued interest receivable | 13,787 | - | 13,787 | - | 16,154 |
| Due from other governmental units | 1,256,487 | 306 | 1,256,793 | 215 | - |
| Due from primary government | - | - | - | - | 31,844 |
| Due from component units | 58,318 | 71,628 | 129,946 | - | - |
| Accounts receivable - net | 226,396 | 10,091 | 236,487 | 42,925 | 3,339,027 |
| Pledges receivable | 8,500 | - | 8,500 | - | - |
| Internal balances | 130,442 | (130,442) | - | - | - |
| Prepaid items | 227,698 | 21,588 | 249,286 | - | 137,434 |
| Property taxes receivable | 295,545 | - | 295,545 | - | - |
| Special assessments receivable | 2,283,265 | - | 2,283,265 | - | - |
| Inventories - at cost | - | - | - | - | 789,302 |
| Other receivable | - | - | - | - | 51,722 |
| Land held for resale | - | - | - | 2,831,472 | - |
| Lease receivable | 561,797 | 41,101 | 602,898 | - | 1,705,262 |
| Notes receivable | 300,000 | - | 300,000 | 746,255 | - |
| Restricted cash and investments | - | - | - | - | 3,245,262 |
| Restricted accounts receivable | - | - | - | - | 11,463,606 |
| Financial assurance landfill closure | - | - | - | - | 5,892,858 |
| Net pension asset | 1,095,442 | - | 1,095,442 | - | - |
| Capital assets - nondepreciable | 21,593,265 | 919,686 | 22,512,951 | - | 2,596,349 |
| Capital assets - net of accumulated depreciation | 53,323,417 | 1,870,990 | 55,194,407 | - | 55,853,028 |
| Regulatory assets | - | - | - | - | 128,572 |
| Non-utility property - net of amortization | - | - | - | - | 538,727 |
| Total assets | 105,013,938 | 3,734,994 | 108,748,932 | 4,806,497 | 91,068,981 |
| Deferred outflows of resources: | | | | | |
| Service territory acquisition | - | - | - | - | 151,242 |
| Loss on refunding | - | - | - | - | 73,920 |
| Related to pensions | 5,947,499 | - | 5,947,499 | - | 950,928 |
| Related to OPEB | 815 | - | 815 | - | - |
| Total deferred outflows of resources | 5,948,314 | 0 | 5,948,314 | 0 | 1,176,090 |
| Liabilities: | | | | | |
| Accounts payable | 610,047 | 29,288 | 639,335 | 48,522 | 1,428,370 |
| Accrued wages payable | 146,523 | 8,758 | 155,281 | - | 60,893 |
| Due to other governmental units | 300,797 | 2,068 | 302,865 | 21,147 | 84,710 |
| Due to component units | 80,568 | 6,424 | 86,992 | - | - |
| Contracts payable | 955,089 | - | 955,089 | - | - |
| Deposits payable | 25,087 | 43,700 | 68,787 | 1,614 | 476,802 |
| Due to primary government | - | - | - | 42,084 | 88,078 |
| Accrued interest payable | 256,803 | 683 | 257,486 | - | 22,850 |
| Unearned revenue | 982,967 | 18,789 | 1,001,756 | - | 116,617 |
| Compensated absences: | | | | | |
| Due within one year | 81,612 | 2,845 | 84,457 | - | 190,534 |
| Due in more than one year | 562,211 | 18,576 | 580,787 | - | 90,100 |
| Net pension liability: | | | | | |
| Due in more than one year | 10,184,296 | - | 10,184,296 | - | 3,017,533 |
| Landfill closure costs: | | | | | |
| Due in more than one year | - | - | - | - | 5,892,858 |
| Noncurrent liabilities: | | | | | |
| Due within one year | 2,590,000 | - | 2,590,000 | 17,500 | 1,920,500 |
| Due in more than one year | 31,542,801 | - | 31,542,801 | 1,521,610 | 12,232,705 |
| Other post employment benefits: | | | | | |
| Due in more than one year | 22,253 | - | 22,253 | - | - |
| Total liabilities | 48,341,054 | 131,131 | 48,472,185 | 1,652,477 | 25,622,550 |
| Deferred inflows of resources: | | | | | |
| Demand payment deferral | - | - | - | - | 11,463,606 |
| Related to leases | 561,797 | 41,101 | 602,898 | - | 1,705,262 |
| Related to pensions | 274,765 | - | 274,765 | - | 94,862 |
| Related to other post employment benefits | 9,106 | - | 9,106 | - | - |
| Other deferred credits | - | - | - | - | 31,635 |
| Total deferred inflows of resources | 845,668 | 41,101 | 886,769 | 0 | 13,295,365 |
| Net position: | | | | | |
| Net investment in capital assets | 47,899,453 | 2,790,676 | 50,690,129 | - | 44,370,092 |
| Restricted for: | | | | | |
| Debt service | 7,698,617 | - | 7,698,617 | - | - |
| Itasca County share of airport | 91,057 | - | 91,057 | - | - |
| Pensions | 1,384,963 | - | 1,384,963 | - | - |
| Other purposes | 141,953 | - | 141,953 | - | 2,768,460 |
| Unrestricted | 4,559,487 | 772,086 | 5,331,573 | 3,154,020 | 6,188,604 |
| Total net position | \$61,775,530 | \$3,562,762 | \$65,338,292 | \$3,154,020 | \$53,327,156 |

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, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$4,615,082 | \$759,284 | \$1,266,370 | \$210,000 |
| Public safety | 4,678,868 | 881,549 | 610,086 | - |
| Public works | 7,788,447 | 388,751 | 1,299,278 | 3,011,907 |
| Culture and recreation | 2,081,855 | 924,081 | 54,160 | - |
| Interest and fees on long-term debt | 703,269 | - | 18,730 | - |
| Total governmental activities | <u>19,867,521</u> | <u>2,953,665</u> | <u>3,248,624</u> | <u>3,221,907</u> |
| Business-type activities: | | | | |
| Golf course | 858,647 | 877,502 | - | - |
| Storm water utility | 654,748 | 858,646 | - | - |
| Total business-type activities | <u>1,513,395</u> | <u>1,736,148</u> | <u>0</u> | <u>0</u> |
| Total primary government | <u>\$21,380,916</u> | <u>\$4,689,813</u> | <u>\$3,248,624</u> | <u>\$3,221,907</u> |
| Component units: | | | | |
| Economic Development Authority | \$234,970 | \$45,881 | \$53,400 | \$ - |
| Public Utilities Commission | 26,758,759 | 26,714,318 | - | 2,224,210 |
| Total component units | <u>\$26,993,729</u> | <u>\$26,760,199</u> | <u>\$53,400</u> | <u>\$2,224,210</u> |
| General revenues: | | | | |
| General property taxes | | | | |
| Payments in lieu of taxes (PILOT) | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Unrestricted investment earnings (loss) | | | | |
| Net increase (decrease) in the fair value of investments | | | | |
| Gain on sale of capital assets | | | | |
| Total general revenues | | | | |
| Change in net position | | | | |
| Net position - January 1 | | | | |
| Net position - December 31 | | | | |

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

| Net (Expense) Revenue and Changes in Net Position Primary Government | | | Component Units | |
|--|-----------------------------|---------------------|--------------------------------------|-----------------------------------|
| Governmental Activities | Business-Type Activities | Total | Economic Development Authority | Public Utilities Commission |
| (\$2,379,428) | \$ - | (\$2,379,428) | \$ - | \$ - |
| (3,187,233) | - | (3,187,233) | - | - |
| (3,088,511) | - | (3,088,511) | - | - |
| (1,103,614) | - | (1,103,614) | - | - |
| (684,539) | - | (684,539) | - | - |
| <u>(10,443,325)</u> | <u>0</u> | <u>(10,443,325)</u> | <u>0</u> | <u>0</u> |
| - | 18,855 | 18,855 | - | - |
| - | 203,898 | 203,898 | - | - |
| <u>0</u> | <u>222,753</u> | <u>222,753</u> | <u>0</u> | <u>0</u> |
| <u>(10,443,325)</u> | <u>222,753</u> | <u>(10,220,572)</u> | <u>0</u> | <u>0</u> |
| | | | (135,689) | - |
| | | | <u>-</u> | <u>2,179,769</u> |
| | | | <u>(135,689)</u> | <u>2,179,769</u> |
| 8,464,200 | - | 8,464,200 | 57,087 | - |
| 924,990 | - | 924,990 | - | - |
| 1,766,907 | - | 1,766,907 | 2,689 | - |
| 88,991 | 6,439 | 95,430 | 6,657 | (86,061) |
| (623,194) | (42,515) | (665,709) | (51,646) | - |
| 3,341 | - | 3,341 | 44,000 | - |
| <u>10,625,235</u> | <u>(36,076)</u> | <u>10,589,159</u> | <u>58,787</u> | <u>(86,061)</u> |
| 181,910 | 186,677 | 368,587 | (76,902) | 2,093,708 |
| <u>61,593,620</u> | <u>3,376,085</u> | <u>64,969,705</u> | <u>3,230,922</u> | <u>51,233,448</u> |
| <u>\$61,775,530</u> | <u>\$3,562,762</u> | <u>\$65,338,292</u> | <u>\$3,154,020</u> | <u>\$53,327,156</u> |

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

| | 101 General Fund | 407 Capital Equipment Replacement | 483 Civic Center Capital Improvements | 484 2022 Infrastructure/ ARPA | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------------------|---------------------------------------|-------------------------------|--------------------------|--------------------------|
| Assets | | | | | | |
| Cash and investments | \$5,538,624 | \$ - | \$8,001,137 | \$821,858 | \$9,277,960 | \$23,639,579 |
| Accrued interest receivable | 13,787 | - | - | - | - | 13,787 |
| Due from other governmental units | 279,713 | - | - | 60,316 | 908,328 | 1,248,357 |
| Due from other funds | 616,808 | - | - | - | - | 616,808 |
| Due from component units | 16,234 | - | - | - | 42,084 | 58,318 |
| Accounts receivable | 129,064 | - | - | - | 97,332 | 226,396 |
| Pledges receivable | - | - | - | - | 8,500 | 8,500 |
| Interfund loan receivable | 1,219,669 | - | - | - | - | 1,219,669 |
| Prepaid items | 192,005 | - | - | - | 35,693 | 227,698 |
| Taxes receivable - delinquent | 261,174 | - | - | - | 34,371 | 295,545 |
| Special assessments receivable | 55,783 | - | - | - | 2,257,482 | 2,313,265 |
| Lease receivable | - | - | - | - | 561,797 | 561,797 |
| Note receivable | 300,000 | - | - | - | - | 300,000 |
| Total assets | \$8,622,861 | \$0 | \$8,001,137 | \$882,174 | \$13,223,547 | \$30,729,719 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$149,537 | \$ - | \$7,625 | \$3,160 | \$449,725 | \$610,047 |
| Accrued wages payable | 123,929 | - | - | - | 22,594 | 146,523 |
| Due to other governmental units | 26,434 | - | - | - | 274,363 | 300,797 |
| Due to component units | 52,089 | - | - | - | 28,479 | 80,568 |
| Contracts payable | - | - | 897,000 | 45,960 | 12,129 | 955,089 |
| Due to other funds | - | 17,350 | - | - | 599,458 | 616,808 |
| Deposits payable | 16,391 | - | - | - | 8,696 | 25,087 |
| Interfund loan payable | - | 1,111,744 | - | - | 37,688 | 1,149,432 |
| Unearned revenue | 8,684 | - | - | 936,962 | 37,321 | 982,967 |
| Total liabilities | 377,064 | 1,129,094 | 904,625 | 986,082 | 1,470,453 | 4,867,318 |
| Deferred inflows of resources: | | | | | | |
| Related to leases | - | - | - | - | 561,797 | 561,797 |
| Unavailable revenue | 616,957 | - | - | 60,316 | 2,309,550 | 2,986,823 |
| Total deferred inflows of resources | 616,957 | 0 | 0 | 60,316 | 2,871,347 | 3,548,620 |
| Fund balances: | | | | | | |
| Nonspendable | 1,411,674 | - | - | - | 35,693 | 1,447,367 |
| Restricted | 35,374 | - | 7,096,512 | - | 6,279,265 | 13,411,151 |
| Committed | 1,169,769 | - | - | - | 1,030,787 | 2,200,556 |
| Assigned | - | - | - | - | 1,748,247 | 1,748,247 |
| Unassigned | 5,012,023 | (1,129,094) | - | (164,224) | (212,245) | 3,506,460 |
| Total fund balances | 7,628,840 | (1,129,094) | 7,096,512 | (164,224) | 8,881,747 | 22,313,781 |
| Total liabilities, deferred inflows of resources, and fund balances | \$8,622,861 | \$0 | \$8,001,137 | \$882,174 | \$13,223,547 | \$30,729,719 |
| Fund balance reported above | | | | | | \$22,313,781 |
| 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. | | | | | | 74,916,682 |
| 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 | | | | | | 295,545 |
| Assessments not yet due or delinquent | | | | | | 2,283,265 |
| Pledges not yet due | | | | | | 8,500 |
| Due from other governmental units | | | | | | 8,130 |
| Other receivable not yet due | | | | | | 69,513 |
| Notes receivable not yet due | | | | | | 300,000 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds: | | | | | | |
| Bonds payable and unamortized bond premium | | | | | | (34,132,801) |
| Accrued interest payable | | | | | | (256,803) |
| Compensated absences payable | | | | | | (643,823) |
| Other post employment benefits | | | | | | (30,544) |
| An internal service fund is used by management to charge the costs of pension and other post employment benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position. | | | | | | (4,740,878) |
| 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 | | | | | | 1,095,442 |
| Deferred outflows of resources | | | | | | 400,108 |
| Deferred inflows of resources | | | | | | (110,587) |
| Net position of governmental activities | | | | | | \$61,775,530 |

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022

Statement 4

| | 101 General Fund | 407 Capital Equipment Replacement | 483 Civic Center Capital Improvements | 484 2022 Infrastructure/ ARPA | Other Governmental Funds | Totals Governmental Funds |
|--|--------------------|---|---|-------------------------------------|--------------------------------|---------------------------------|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| General property | \$5,083,920 | \$212,852 | \$ - | \$ - | \$2,912,224 | \$8,208,996 |
| Tax abatements | - | - | - | - | 33,305 | 33,305 |
| Tax increments | - | - | - | - | 273,363 | 273,363 |
| Payments in lieu of taxes (PILOT) | 924,990 | - | - | - | - | 924,990 |
| Licenses and permits | 479,768 | - | - | - | - | 479,768 |
| Intergovernmental | 2,715,337 | 10,026 | - | 2,195,783 | 2,415,863 | 7,337,009 |
| Special assessments | - | - | - | - | 318,005 | 318,005 |
| Charges for services | 1,220,830 | - | - | - | 1,055,059 | 2,275,889 |
| Fines and forfeits | 69,678 | - | - | - | 44,382 | 114,060 |
| Interest and investment income | 35,748 | 863 | - | - | 52,380 | 88,991 |
| Net increase (decrease) in the fair value of investments | (245,190) | (3,774) | (40,889) | (17,216) | (316,125) | (623,194) |
| Contributions and donations | 28,690 | - | - | - | 297,661 | 326,351 |
| Other | 32,736 | - | - | - | 413,208 | 445,944 |
| Total revenues | <u>10,346,507</u> | <u>219,967</u> | <u>(40,889)</u> | <u>2,178,567</u> | <u>7,499,325</u> | <u>20,203,477</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 2,610,840 | 6,380 | - | 23,990 | 1,164,684 | 3,805,894 |
| Public safety | 4,023,059 | - | - | - | 179,442 | 4,202,501 |
| Public works | 2,724,697 | - | - | - | 663,870 | 3,388,567 |
| Culture and recreation | 93,722 | - | - | - | 1,687,944 | 1,781,666 |
| Miscellaneous | 422,144 | - | - | - | - | 422,144 |
| Capital outlay/construction | - | 941,339 | 1,295,540 | 2,318,801 | 1,750,334 | 6,306,014 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | 2,495,000 | 2,495,000 |
| Interest | - | - | - | - | 670,696 | 670,696 |
| Paying agent fees | - | - | - | - | 7,075 | 7,075 |
| Bond issuance costs | - | - | 123,390 | - | - | 123,390 |
| Total expenditures | <u>9,874,462</u> | <u>947,719</u> | <u>1,418,930</u> | <u>2,342,791</u> | <u>8,619,045</u> | <u>23,202,947</u> |
| Revenues over (under) expenditures | <u>472,045</u> | <u>(727,752)</u> | <u>(1,459,819)</u> | <u>(164,224)</u> | <u>(1,119,720)</u> | <u>(2,999,470)</u> |
| Other financing sources (uses): | | | | | | |
| Bond issuance | - | - | 10,000,000 | - | - | 10,000,000 |
| Sale of capital assets | 6,476 | - | - | - | - | 6,476 |
| Insurance recoveries | 49,416 | - | - | - | - | 49,416 |
| Transfers in | - | 155,000 | - | - | 668,737 | 823,737 |
| Transfers out | (453,645) | - | (179,811) | - | (190,281) | (823,737) |
| Total other financing sources (uses) | <u>(397,753)</u> | <u>155,000</u> | <u>9,820,189</u> | <u>0</u> | <u>478,456</u> | <u>10,055,892</u> |
| Net change in fund balance | 74,292 | (572,752) | 8,360,370 | (164,224) | (641,264) | 7,056,422 |
| Fund balance - January 1 | 7,554,548 | (556,342) | (1,263,858) | - | 9,523,011 | 15,257,359 |
| Fund balance - December 31 | <u>\$7,628,840</u> | <u>(\$1,129,094)</u> | <u>\$7,096,512</u> | <u>(\$164,224)</u> | <u>\$8,881,747</u> | <u>\$22,313,781</u> |

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, 2022

Statement 5

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) | \$7,056,422 |
| 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 | (3,906,111) |
| Capital outlay | 6,306,014 |
| Capital outlay not capitalized | (1,147,708) |
| 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. | |
| | (3,135) |
| 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 | (51,464) |
| Change in deferred and delinquent special assessments | (285,575) |
| Change in pledges receivable | (5,887) |
| Change in other receivable | 57,479 |
| 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 | (10,000,000) |
| Principal payments on bonds payable | 2,495,000 |
| Current year amortization of bond premium | 58,826 |
| Change in due from other governmental units accrual related to a federal credit on BAB bonds | (2,504) |
| 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 | (113,649) |
| Change in other post employment benefits | 98 |
| Change in accrued interest payable | 39,066 |
| 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 | 28,582 |
| 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. | |
| | (343,544) |
| Change in net position of governmental activities (Statement 2) | <u>\$181,910</u> |

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

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|---|---|------------------|--------------------|----------------------|
| | 613 Pokegama Golf | 655 Storm Water | Totals | Activities |
| | Course | Utility | | Internal Service |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$213,527 | \$716,519 | \$930,046 | \$ - |
| Due from component units | - | 71,628 | 71,628 | - |
| Due from other governmental units | 306 | - | 306 | - |
| Accounts receivable | 1,458 | 8,633 | 10,091 | - |
| Prepaid items | 21,588 | - | 21,588 | - |
| Lease receivable | 41,101 | - | 41,101 | - |
| Total current assets | 277,980 | 796,780 | 1,074,760 | 0 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land and land improvements | 871,481 | 48,205 | 919,686 | - |
| Buildings and structures | 2,604,149 | - | 2,604,149 | - |
| Machinery, equipment and furniture | 1,031,140 | 519,266 | 1,550,406 | - |
| Total capital assets | 4,506,770 | 567,471 | 5,074,241 | 0 |
| Less: Allowance for depreciation | (1,935,741) | (347,824) | (2,283,565) | - |
| Net capital assets | 2,571,029 | 219,647 | 2,790,676 | 0 |
| Total noncurrent assets | 2,571,029 | 219,647 | 2,790,676 | 0 |
| Total assets | 2,849,009 | 1,016,427 | 3,865,436 | 0 |
| Deferred outflows of resources - related to pensions | - | - | - | 5,547,391 |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,603 | 23,685 | 29,288 | - |
| Accrued wages payable | 2,951 | 5,807 | 8,758 | - |
| Due to other governmental units | 1,445 | 623 | 2,068 | - |
| Due to component units | 1,936 | 4,488 | 6,424 | - |
| Accrued interest payable | 683 | - | 683 | - |
| Deposits payable | - | 43,700 | 43,700 | - |
| Interfund loan payable | 70,237 | - | 70,237 | - |
| Compensated absences payable - current | 2,077 | 768 | 2,845 | - |
| Unearned revenue | 18,789 | - | 18,789 | - |
| Total current liabilities | 103,721 | 79,071 | 182,792 | 0 |
| Noncurrent liabilities: | | | | |
| Compensated absences payable | 13,663 | 4,913 | 18,576 | - |
| Net pension liability | - | - | - | 10,184,296 |
| Total noncurrent liabilities | 13,663 | 4,913 | 18,576 | 10,184,296 |
| Total liabilities | 117,384 | 83,984 | 201,368 | 10,184,296 |
| Deferred inflows of resources: | | | | |
| Related to leases | 41,101 | - | 41,101 | - |
| Related to pensions | - | - | - | 164,178 |
| Total deferred inflows of resources | 41,101 | 0 | 41,101 | 164,178 |
| Net position: | | | | |
| Investment in capital assets | 2,571,029 | 219,647 | 2,790,676 | - |
| Unrestricted | 119,495 | 712,796 | 832,291 | (4,801,083) |
| Total net position | \$2,690,524 | \$932,443 | \$3,622,967 | (\$4,801,083) |
| Net position reported above | | | \$3,622,967 | |
| Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time. | | | (60,205) | |
| Net position of business-type activities | | | <u>\$3,562,762</u> | |

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2022

Statement 7

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------------------|--------------------|----------------------------|
| | 613 Pokegama Golf Course | 655 Storm Water Utility | Totals | Internal Service |
| Operating revenues: | | | | |
| Season passes | \$208,942 | \$ - | \$208,942 | \$ - |
| Green fees | 417,529 | - | 417,529 | - |
| Special play | 20,035 | - | 20,035 | - |
| Rentals and leases | 201,912 | - | 201,912 | - |
| Charges for service | 16,100 | 857,346 | 873,446 | 601,126 |
| Total operating revenues | <u>864,518</u> | <u>857,346</u> | <u>1,721,864</u> | <u>601,126</u> |
| Operating expenses: | | | | |
| Personnel services | 374,464 | 290,333 | 664,797 | 1,050,099 |
| Materials and supplies | 80,252 | 84,504 | 164,756 | - |
| Other services and charges | 272,822 | 216,303 | 489,125 | - |
| Depreciation | 118,022 | 50,757 | 168,779 | - |
| Total operating expenses | <u>845,560</u> | <u>641,897</u> | <u>1,487,457</u> | <u>1,050,099</u> |
| Operating income (loss) | <u>18,958</u> | <u>215,449</u> | <u>234,407</u> | <u>(448,973)</u> |
| Nonoperating revenues (expenses): | | | | |
| Intergovernmental revenue | - | - | - | 81,148 |
| Interest and investment income | 3,335 | 3,104 | 6,439 | - |
| Net increase (decrease) in the fair value of investments | (11,729) | (30,786) | (42,515) | - |
| Interest expense | (1,657) | - | (1,657) | - |
| Miscellaneous revenue | 12,984 | 1,300 | 14,284 | - |
| Total nonoperating revenues (expenses) | <u>2,933</u> | <u>(26,382)</u> | <u>(23,449)</u> | <u>81,148</u> |
| Change in net position | 21,891 | 189,067 | 210,958 | (367,825) |
| Net position - January 1 | <u>2,668,633</u> | <u>743,376</u> | <u>3,412,009</u> | <u>(4,433,258)</u> |
| Net position - December 31 | <u>\$2,690,524</u> | <u>\$932,443</u> | <u>\$3,622,967</u> | <u>(\$4,801,083)</u> |
| Changes in net position reported above | | | \$210,958 | |
| Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time. | | | <u>(24,281)</u> | |
| Change in net position of business-type activities (Statement 2) | | | <u>\$186,677</u> | |

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2022

Statement 8

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|----------------------------|-------------|----------------------------|
| | 613 Pokegama Golf Course | 655 Storm Water Utility | Totals | Internal Service |
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$877,280 | \$895,289 | \$1,772,569 | \$ - |
| Receipts from interfund charges for pension benefits | - | - | - | 601,126 |
| Payment to suppliers | (355,018) | (307,952) | (662,970) | (601,126) |
| Payment to employees | (359,566) | (294,286) | (653,852) | - |
| Net cash flows provided by operating activities | 162,696 | 293,051 | 455,747 | 0 |
| Cash flows from noncapital financing activities: | | | | |
| Interfund borrowing cash payments | (26,877) | - | (26,877) | - |
| Interest on interfund borrowing | (1,949) | - | (1,949) | - |
| Net cash flows provided by (used in) noncapital financing activities | (28,826) | 0 | (28,826) | 0 |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (171,416) | (31,230) | (202,646) | - |
| Net cash flows (used in) capital and related financing activities | (171,416) | (31,230) | (202,646) | 0 |
| Cash flows from investing activities: | | | | |
| Interest and investment income | (8,394) | (27,682) | (36,076) | - |
| Net increase in cash and cash equivalents | (45,940) | 234,139 | 188,199 | 0 |
| Cash and cash equivalents - January 1 | 259,467 | 482,380 | 741,847 | - |
| Cash and cash equivalents - December 31 | \$213,527 | \$716,519 | \$930,046 | \$0 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$18,958 | \$215,449 | \$234,407 | (\$448,973) |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | |
| Depreciation | 118,022 | 50,757 | 168,779 | - |
| Miscellaneous revenue | 12,984 | 1,300 | 14,284 | - |
| Intergovernmental revenue | - | - | - | 81,148 |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in receivables | (38,978) | 36,643 | (2,335) | - |
| Decrease (increase) in prepaid items | 852 | - | 852 | - |
| Decrease (increase) in deferred outflows of resources | - | - | - | (2,128,645) |
| Increase (decrease) in unearned revenue | (2,345) | - | (2,345) | - |
| Increase (decrease) in payables | 12,102 | (11,098) | 1,004 | 6,948,934 |
| Increase (decrease) in deferred inflows of resources | 41,101 | - | 41,101 | (4,452,464) |
| Total adjustments | 143,738 | 77,602 | 221,340 | 448,973 |
| Net cash provided by operating activities | \$162,696 | \$293,051 | \$455,747 | \$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, 2022

Statement 9

| | |
|----------------------|-------------------|
| Assets: | |
| Cash and investments | \$89,101 |
| Total assets | <u>89,101</u> |
| Liabilities: | |
| Accounts payable | 89,101 |
| Total liabilities | <u>89,101</u> |
| Net position: | |
| Restricted | <u><u>\$0</u></u> |

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2022

Statement 10

| | |
|---|--------------------|
| Additions: | |
| Lodging tax collections | \$384,346 |
| Cable franchise fee collections | 259,631 |
| Total additions | <u>643,977</u> |
| Deductions: | |
| Payments to other entities | 616,995 |
| Administrative fees | 26,982 |
| Total deductions | <u>643,977</u> |
| Net increase (decrease) in fiduciary net position | - |
| Net position - beginning | <u>-</u> |
| Net position - ending | <u><u>\$ -</u></u> |

The accompanying notes are an integral part of these financial statements

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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.

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.

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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

The *2022 Infrastructure/ARPA Fund* accounts for infrastructure projects funded by ARPA proceeds and other funding sources.

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 use the economic resources measurement focus.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

| | Final Budget | Actual | Amount Over Budget |
|------------------------|-----------------|--------------|-----------------------|
| Major Funds: | | | |
| General Fund | \$ 9,783,882 | \$ 9,874,462 | \$ 90,580 |
| Nonmajor Funds: | | | |
| 211 Public Library | 923,212 | 933,640 | 10,428 |
| 225 Central School | 116,550 | 130,914 | 14,364 |
| 226 Airport Operations | 249,838 | 294,188 | 44,350 |
| 228 IRA Civic Center | 542,677 | 617,390 | 74,713 |
| 231 Haz-Mat | 60,000 | 77,339 | 17,339 |
| 232 Police Forfeiture | 25,500 | 46,317 | 20,817 |

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

I. INVENTORIES

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

J. PREPAID ITEMS

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

K. LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or market (net realizable value). 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 |

Capital assets are defined by the Public Utilities Commission as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$500.

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.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

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. LEASE RECEIVABLE

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the entity may receive additional variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels. These variable payments are excluded from the lease receivable.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable, and is recognized as revenue over the lease term.

N. 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 2023, 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.

O. 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.

P. 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.

Q. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

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

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned, except for the revenue stabilization commitment which is to be used only in certain circumstances as described in Note 16C.

R. 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 2022 are described in Note 20.

S. 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.

T. UTILITY REVENUE RECOGNITION

Billings are rendered and recorded monthly based on metered usage.

U. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the pension and other post-employment benefits related deferred outflows of resources reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has leases, 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. Deferred inflows relating to lease receivables are reported on both the statement of Net Position and the governmental fund balance sheet.

V. PENSION PLANS

DEFINED BENEFIT 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.

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 fair 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, 2022 the carrying amount of the City's deposits with financial institutions was \$19,198,685.

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 fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2022, the bank balance of the City's deposits was \$19,293,137 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, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

As of December 31, 2022, 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 | \$6,307,645 | \$541,173 | \$5,571,222 | \$195,250 |
| Federal Home Loan Bank | AAA | 332,870 | - | 332,870 | - |
| Money Market Mutual Fund | AAAm | 4,116 | 4,116 | - | - |
| Total | | <u>\$6,644,631</u> | <u>\$545,289</u> | <u>\$5,904,092</u> | <u>\$195,250</u> |
| NR - Not Rated | | | Total investments | \$6,644,631 | |
| | | | Deposits | 19,198,685 | |
| | | | Petty cash | 1,040 | |
| | | | Total cash and investments | <u>\$25,844,356</u> | |

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 2 investments 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, 2022:

| Investment Type | 12/31/2022 | Fair Value Measurement Using | | |
|----------------------------|--------------------|------------------------------|--------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments at fair value: | | | | |
| Brokered CD's | \$6,307,645 | \$ - | \$6,307,645 | \$ - |
| Federal Home Loan Bank | 332,870 | - | 332,870 | - |
| Money Market Mutual Fund | 4,116 | - | 4,116 | - |
| Total | <u>\$6,644,631</u> | <u>\$ -</u> | <u>\$6,644,631</u> | <u>\$ -</u> |

Following is a reconciliation of the City's cash and investment balances as of December 31, 2022:

| | |
|---|---------------------|
| Cash and investments - primary government: | |
| Governmental and business-type (Statement 1) | \$24,569,625 |
| Fiduciary (Statement 9) | 89,101 |
| Cash and investments - EDA (Statement 1) | 1,185,630 |
| Cash and investments - PUC (Statement 1) | 5,279,834 |
| Restricted cash and investments - PUC (Statement 1) | 3,245,262 |
| | <u>\$34,369,452</u> |

C. INVESTMENT RISKS

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

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

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

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

Investment balances at December 31, 2022 for the Public Utilities Commission are as follows:

| | |
|---|--------------------|
| Demand deposits and cash on hand | \$5,992,782 |
| U.S. Agencies | 959,383 |
| Certificates of deposits - negotiable | 801,804 |
| Minnesota - money market funds | 771,127 |
| Total cash and investments | <u>8,525,096</u> |
| Less restricted amounts | <u>(3,245,262)</u> |
| Total cash and investments - unrestricted | <u>\$5,279,834</u> |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2022 are as follows:

| | Primary Government | | | | | EDA |
|--------------------------------|--------------------|----------------------|---------------------|--------------------|--------------------|------------------|
| | Major Funds | | | | Total | |
| | General | Pokegama Golf Course | Storm Water Utility | Nonmajor Funds | | |
| Special assessments receivable | \$44,098 | \$ - | \$2,658 | \$2,044,069 | \$2,090,825 | \$ - |
| Property taxes receivable | 150,648 | - | - | 19,826 | 170,474 | - |
| Interfund loan receivable | 957,630 | - | - | - | 957,630 | - |
| Pledges receivable | - | - | - | 8,500 | 8,500 | - |
| Notes receivable | 300,000 | - | - | - | 300,000 | 595,636 |
| Lease receivable | - | 18,898 | - | 390,322 | 409,220 | - |
| | <u>\$1,452,376</u> | <u>\$18,898</u> | <u>\$2,658</u> | <u>\$2,462,717</u> | <u>\$3,936,649</u> | <u>\$595,636</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, 2022, outstanding pledges receivable were \$8,500.

NOTES RECEIVABLE

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

Note 4 UNAVAILABLE REVENUES

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

| | Property Taxes | Special Assessments | Land Held for Resale | Notes Receivable | Other Receivables | Total |
|---|------------------|---------------------|----------------------|--------------------|-------------------|--------------------|
| Primary government: | | | | | | |
| Major funds: | | | | | | |
| General Fund | \$261,174 | \$55,783 | \$ - | \$300,000 | \$ - | \$616,957 |
| 484 2022 Infrastructure / ARPA | - | - | - | - | 60,316 | 60,316 |
| Nonmajor Funds | 34,371 | 2,257,482 | - | - | 17,697 | 2,309,550 |
| Total primary government | <u>295,545</u> | <u>2,313,265</u> | <u>0</u> | <u>300,000</u> | <u>78,013</u> | <u>2,986,823</u> |
| EDA (discretely presented component unit) | - | - | 2,831,472 | 807,370 | - | 3,638,842 |
| Total unavailable revenue | <u>\$295,545</u> | <u>\$2,313,265</u> | <u>\$2,831,472</u> | <u>\$1,107,370</u> | <u>\$78,013</u> | <u>\$6,625,665</u> |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City has approved five 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, 2022 is as follows:

| | Interfund Loan Receivable | Interfund Loan Payable |
|-----------------------------------|---------------------------------|------------------------------|
| Major funds: | | |
| General Fund | \$1,219,669 | \$ - |
| 407 Capital Equipment Replacement | - | 1,111,744 |
| 613 Pokegama Golf Course | - | 70,237 |
| Nonmajor funds: | | |
| Special revenue funds: | | |
| 228 IRA Civic Center | - | 37,688 |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$1,219,669</u></u> | <u><u>\$1,219,669</u></u> |

Amounts reported as due to/from other funds at December 31, 2022 are as follows:

| | Due From Other Funds | Due To Other Funds |
|-----------------------------------|-----------------------------|-----------------------------|
| Major funds: | | |
| General Fund | \$616,808 | \$ - |
| 407 Capital Equipment Replacement | - | 17,350 |
| Nonmajor funds: | | |
| Special Revenue Funds: | | |
| 228 IRA Civic Center | - | 43,145 |
| 231 Haz-Mat | - | 13,762 |
| Capital Project Funds: | | |
| 403 GR/Cohasset Industrial Park | - | 363,204 |
| 413 Airport Capital Fund | - | 179,347 |
| | <u> </u> | <u> </u> |
| Total | <u><u>\$616,808</u></u> | <u><u>\$616,808</u></u> |

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Amounts reported as interfund transfers at December 31, 2022 are as follows:

| | Transfers In | | Total |
|---------------------------------------|---|-------------------|------------------|
| | 407 Capital Equipment Replacement | Nonmajor Funds | |
| Transfers out: | | | |
| Major funds: | | | |
| General Fund | \$155,000 | \$298,645 | \$453,645 |
| 483 Civic Center Capital Improvements | - | 179,811 | 179,811 |
| Nonmajor funds | - | 190,281 | 190,281 |
| Total | <u>\$155,000</u> | <u>\$668,737</u> | <u>\$823,737</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 2022, the City made transfers from the General Fund to Special Revenue Funds (\$144,942) to provide ongoing support, to the G.O. Street Reconstruction Bonds of 2013B Debt Service Fund (\$150,000) as part of its debt financing plan, and to Capital Project Funds (\$155,000) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$182,526) and debt service purposes (\$191,269).

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

| | Beginning Balance | Increases | Decreases | Reclassification | Ending Balance |
|--|----------------------|--------------------|----------------------|------------------|---------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | \$7,095,296 | \$24,061 | \$ - | (\$380,105) | \$6,739,252 |
| Artwork | 19,800 | 162,765 | - | - | 182,565 |
| Construction in progress | 13,063,385 | 4,143,851 | (2,535,788) | - | 14,671,448 |
| Total capital assets, not being depreciated | <u>20,178,481</u> | <u>4,330,677</u> | <u>(2,535,788)</u> | <u>(380,105)</u> | <u>21,593,265</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and structures | 30,223,877 | 487,202 | (54,260) | 380,105 | 31,036,924 |
| Vehicles, equipment and furniture | 13,529,177 | 1,063,165 | (739,068) | - | 13,853,274 |
| Infrastructure | 80,354,278 | 1,813,050 | - | - | 82,167,328 |
| Total capital assets, being depreciated | <u>124,107,332</u> | <u>3,363,417</u> | <u>(793,328)</u> | <u>380,105</u> | <u>127,057,526</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and structures | 19,624,490 | 673,624 | (51,125) | - | 20,246,989 |
| Vehicles, equipment and furniture | 8,823,721 | 717,850 | (739,068) | - | 8,802,503 |
| Infrastructure | 42,169,980 | 2,514,637 | - | - | 44,684,617 |
| Total accumulated depreciation | <u>70,618,191</u> | <u>3,906,111</u> | <u>(790,193)</u> | <u>0</u> | <u>73,734,109</u> |
| Total capital assets being depreciated - net | <u>53,489,141</u> | <u>(542,694)</u> | <u>(3,135)</u> | <u>380,105</u> | <u>53,323,417</u> |
| Governmental activities capital assets - net | <u>\$73,667,622</u> | <u>\$3,787,983</u> | <u>(\$2,538,923)</u> | <u>\$0</u> | <u>\$74,916,682</u> |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|--------------------|---------------------|
| Primary Government | | | | |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$919,686 | \$ - | \$ - | \$919,686 |
| Total capital assets, not being depreciated | <u>919,686</u> | <u>0</u> | <u>0</u> | <u>919,686</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and structures | 2,445,317 | 158,832 | - | 2,604,149 |
| Machinery, equipment and furniture | 1,506,592 | 43,814 | - | 1,550,406 |
| Total capital assets, being depreciated | <u>3,951,909</u> | <u>202,646</u> | <u>0</u> | <u>4,154,555</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | 1,084,985 | 68,117 | - | 1,153,102 |
| Machinery, equipment and furniture | 1,029,801 | 100,662 | - | 1,130,463 |
| Total accumulated depreciation | <u>2,114,786</u> | <u>168,779</u> | <u>0</u> | <u>2,283,565</u> |
| Total capital assets being depreciated - net | <u>1,837,123</u> | <u>33,867</u> | <u>0</u> | <u>1,870,990</u> |
| Business-type activities capital assets - net | <u>\$2,756,809</u> | <u>\$33,867</u> | <u>\$0</u> | <u>\$2,790,676</u> |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Discretely Presented Component Units | | | | |
| Public Utilities Commission: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$1,964,831 | \$ - | \$ - | \$1,964,831 |
| Construction in progress | 262,286 | 1,331,925 | (962,693) | 631,518 |
| Total capital assets, not being depreciated | <u>2,227,117</u> | <u>1,331,925</u> | <u>(962,693)</u> | <u>2,596,349</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Intangibles | 606,148 | 105,577 | - | 711,725 |
| Infrastructure | 46,470,650 | 731,511 | (5,698) | 47,196,463 |
| Buildings and improvements | 34,155,255 | 115,794 | (378,467) | 33,892,582 |
| Machinery and equipment | 38,024,436 | 55,638 | (29,960) | 38,050,114 |
| Total capital assets, being depreciated/amortized | <u>119,256,489</u> | <u>1,008,520</u> | <u>(414,125)</u> | <u>119,850,884</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Intangibles | 469,943 | 63,453 | - | 533,396 |
| Infrastructure | 19,935,016 | 1,230,478 | (5,698) | 21,159,796 |
| Buildings and improvements | 23,815,310 | 704,589 | - | 24,519,899 |
| Machinery and equipment | 16,824,007 | 1,339,124 | (378,366) | 17,784,765 |
| Total capital assets, being depreciated/amortized | <u>61,044,276</u> | <u>3,337,644</u> | <u>(384,064)</u> | <u>63,997,856</u> |
| Total capital assets being depreciated/amortized - net | <u>58,212,213</u> | <u>(2,329,124)</u> | <u>(30,061)</u> | <u>55,853,028</u> |
| Public Utilities Commission capital assets - net | <u>\$60,439,330</u> | <u>(\$997,199)</u> | <u>(\$992,754)</u> | <u>\$58,449,377</u> |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

| | |
|---|--------------------|
| Governmental activities: | |
| General government | \$157,302 |
| Public safety | 323,822 |
| Public works, including depreciation of general infrastructure assets | 3,106,278 |
| Culture and recreation | 318,709 |
| Total depreciation expense - governmental activities | <u>\$3,906,111</u> |
| Business-type activities: | |
| Golf course | \$118,022 |
| Storm water utility | 50,757 |
| Total depreciation expense - business-type activities | <u>\$168,779</u> |

Note 7 LEASE RECEIVABLES

The City leases a portion of its land for a Solar Garden. This lease is non-cancelable for a period of 25 years, with three renewal periods of 5 years at the lessee’s option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreement calls for monthly lease payments of \$5,500 - \$6,624, with increases of 1% each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases Golf Concessions to Pokegama Grill. This lease is non-cancelable for a period of 2 years. The agreement calls for monthly lease payments of \$2,000. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases 351 square feet of Pro Shop space to Bob’s Pro Shop. This lease is non-cancelable for a period of 27 months. The agreement calls for monthly lease payments of \$475-\$489. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

The City leases ice to ISD #318. This lease is non-cancelable for a period of 3 years. The agreement calls for monthly lease payments of \$14,336-\$15,208. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 4.75% which is based on the rate available to finance equipment over the same time periods.

At December 31, 2022, the City recorded \$602,898 in leases receivables and deferred inflows of resources for these arrangements.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Total revenue recognized in relation to these leases is as follows:

| | | |
|--|--|-------------------------|
| Amortization of lease-related deferred inflows | | |
| Land leases | | \$1,293 |
| Space leases | | 181,671 |
| Total revenue recognized resulting from deferred inflow amortization | | <u>182,964</u> |
| Interest revenue | | 20,279 |
| Other lease related revenues | | 8,179 |
| Total revenue recognized in relation to leased assets | | <u><u>\$211,422</u></u> |

The Public Utilities Commission lease receivables are as follows:

| <u>Water Utility</u> <u>Lease Receivables</u> <u>Description</u> | <u>Date of</u> <u>Inception</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Receivable</u> <u>Balance</u> <u>12/31/22</u> |
|--|------------------------------------|-----------------------|-----------------------|--|
| Cellular antennas on water towers | 2001-2020 | 2027-2035 | 3% | <u><u>\$1,705,262</u></u> |

The Public Utilities Commission recognized \$167,578 of lease revenue and \$5,183 of interest revenue for the year ended December 31, 2022 in relation to these lease receivables.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 8 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.

As of December 31, 2022, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

| Primary Government | Interest Rates | Issue Date | Maturity Date | Original Issue | Payable 12/31/2022 |
|---|-------------------|---------------|------------------|---------------------|-----------------------|
| <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 | \$580,000 |
| G.O. Improvement Bonds: | | | | | |
| Improvement Bonds of 2009C | 1.85 - 4.30 | 9/1/2009 | 2/1/2025 | 4,565,000 | 1,065,000 |
| Improvement Bonds of 2010A | 0.75 - 3.625 | 11/1/2010 | 2/1/2026 | 1,115,000 | 250,000 |
| Improvement Refunding Bonds of 2011B | 0.50 - 3.15 | 12/1/2011 | 2/1/2027 | 1,555,000 | 370,000 |
| Improvement Bonds of 2012A | 0.50 - 3.25 | 4/1/2012 | 2/1/2028 | 2,245,000 | 960,000 |
| Improvement Bonds of 2012B | 0.40 - 2.60 | 4/1/2012 | 10/1/2027 | 4,175,000 | 1,505,000 |
| Improvement Bonds of 2014A | 0.50 - 2.90 | 11/1/2014 | 2/1/2030 | 3,000,000 | 1,430,000 |
| Improvement Refunding Bonds of 2017B | 2.30 - 3.00 | 12/28/2017 | 2/1/2034 | 2,215,000 | 460,000 |
| Total G.O. Improvement Bonds | | | | <u>18,870,000</u> | <u>6,040,000</u> |
| Other General Obligation Bonds: | | | | | |
| Street Reconstruction Bonds of 2013B | 3.00 - 3.50 | 9/1/2013 | 2/1/2029 | 4,025,000 | 2,100,000 |
| Street Reconstruction Bonds of 2016A | 0.85 - 2.20 | 10/5/2016 | 2/1/2032 | 2,170,000 | 1,525,000 |
| Street Reconstruction Bonds of 2017A | 3.00 - 3.50 | 9/7/2017 | 2/1/2033 | 2,130,000 | 1,670,000 |
| Street Reconstruction Bonds of 2018A | 3.00 - 3.25 | 10/18/2018 | 2/1/2034 | 1,960,000 | 1,640,000 |
| Street Reconstruction Bonds of 2020A | 1.60 - 2.00 | 11/5/2020 | 2/1/2036 | 2,275,000 | 2,150,000 |
| G.O. Abatement Bonds of 2019A | 2.00 - 3.00 | 9/5/2019 | 2/1/2035 | 1,585,000 | 1,425,000 |
| G.O. Abatement Bonds of 2021B | 2.00 - 2.75 | 7/1/2021 | 2/1/2042 | 6,255,000 | 6,255,000 |
| G.O. Temporary Bonds of 2022A | 4.75 | 12/22/2022 | 12/1/2025 | 10,000,000 | 10,000,000 |
| Total other general obligation bonds | | | | <u>30,400,000</u> | <u>26,765,000</u> |
| Total bonded debt - governmental activities | | | | 49,975,000 | 33,385,000 |
| Bond premium | | | | 1,028,005 | 747,801 |
| Compensated absences | | | | N/A | 643,823 |
| Total governmental activities | | | | <u>\$51,003,005</u> | <u>\$34,776,624</u> |
| <u>Business-Type Activities:</u> | | | | | |
| Compensated absences | | | | N/A | \$21,421 |
| Total business-type activities | | | | <u>\$0</u> | <u>\$21,421</u> |
| <u>Component Units:</u> | | | | | |
| EDA: | | | | | |
| Note payable - Airport Ind Park/Kent | 0.00 | 7/16/2015 | 7/16/2035 | \$350,000 | \$227,500 |
| 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 | 58,345 |
| Note payable - EWCL | 0.00 | 4/1/2020 | 10/1/2026 | 650,000 | 375,417 |
| Note payable - Blandin | 0.00 | 1/29/2021 | 1/29/2026 | 140,000 | 140,000 |
| Special assessment payable | | | | 657,883 | 637,848 |
| Total EDA | | | | <u>2,072,883</u> | <u>1,539,110</u> |
| Public Utilities: | | | | | |
| Taxable G.O. Wastewater Revenue Note of 2009E | 2.90 | 11/10/2009 | 8/20/2029 | 26,370,232 | 11,017,000 |
| G.O. Utility Revenue Bonds of 2013C | 2.00 - 4.50 | 7/15/2013 | 2/1/2029 | 2,305,000 | 155,000 |
| G.O. Refunding Bonds of 2021A | 0.25 - 0.63 | 5/27/2021 | 10/15/2025 | 872,000 | 582,500 |
| G.O. Refunding Bonds of 2021C | 0.45 - 1.25 | 9/2/2021 | 2/1/2029 | 1,210,000 | 1,195,000 |
| G.O. Refunding Bonds of 2021D | 2.0 - 3.0 | 12/9/2021 | 2/1/2033 | 1,120,000 | 1,120,000 |
| Total public utilities | | | | <u>31,877,232</u> | <u>14,069,500</u> |
| Total component units | | | | <u>\$33,950,115</u> | <u>\$15,608,610</u> |

CITY OF GRAND RAPIDS, MINNESOTA
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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 |
| 2023 | \$40,000 | \$15,925 | \$1,420,000 | \$167,505 | \$1,130,000 | \$848,376 |
| 2024 | 35,000 | 14,800 | 1,310,000 | 123,616 | 1,165,000 | 845,058 |
| 2025 | 40,000 | 13,815 | 1,175,000 | 81,163 | 11,195,000 | 813,127 |
| 2026 | 40,000 | 12,895 | 755,000 | 50,067 | 1,240,000 | 304,783 |
| 2027 | 45,000 | 11,918 | 715,000 | 29,447 | 1,255,000 | 270,227 |
| 2028 | 45,000 | 10,725 | 330,000 | 14,473 | 1,300,000 | 234,302 |
| 2029 | 50,000 | 9,300 | 165,000 | 7,240 | 1,335,000 | 197,243 |
| 2030 | 55,000 | 7,725 | 170,000 | 2,465 | 1,025,000 | 165,664 |
| 2031 | 50,000 | 6,150 | - | - | 1,050,000 | 140,681 |
| 2032 | 55,000 | 4,575 | - | - | 1,075,000 | 116,264 |
| 2033 | 60,000 | 2,850 | - | - | 930,000 | 92,658 |
| 2034 | 65,000 | 975 | - | - | 770,000 | 73,135 |
| 2035 | - | - | - | - | 620,000 | 58,774 |
| 2036 | - | - | - | - | 505,000 | 48,110 |
| 2037 | - | - | - | - | 345,000 | 39,950 |
| 2038 | - | - | - | - | 350,000 | 33,000 |
| 2039 | - | - | - | - | 360,000 | 25,900 |
| 2040 | - | - | - | - | 365,000 | 18,650 |
| 2041 | - | - | - | - | 370,000 | 11,300 |
| 2042 | - | - | - | - | 380,000 | 3,800 |
| Total | \$580,000 | \$111,653 | \$6,040,000 | \$475,976 | \$26,765,000 | \$4,341,002 |

| Year Ending December 31, | Revenue Bonds and Notes | |
|-----------------------------|-------------------------|--------------------|
| | PUC Component Unit | |
| | Principal | Interest |
| 2023 | \$1,920,500 | \$408,935 |
| 2024 | 1,968,000 | 315,693 |
| 2025 | 2,012,000 | 267,679 |
| 2026 | 1,871,000 | 218,003 |
| 2027 | 1,917,000 | 167,440 |
| 2028-2032 | 4,281,000 | 192,073 |
| 2033 | 100,000 | 1,000 |
| Total | \$14,069,500 | \$1,570,823 |

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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| Year Ending December 31, | Revenue Bonds and Notes EDA Component Unit | |
|-----------------------------|---|------------|
| | Principal | Interest |
| 2023 | \$17,500 | \$ - |
| 2024 | 17,500 | - |
| 2025 | 17,500 | - |
| 2026 | 17,500 | - |
| 2027 | 17,500 | - |
| 2028-2032 | 87,500 | - |
| 2033-2035 | 52,500 | - |
| Total | \$227,500 | \$0 |

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022, was as follows:

| | Balance 12/31/21 | Additions | Reductions | Balance 12/31/22 | Due Within One Year |
|--|---------------------|---------------------|----------------------|---------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Bonds payable: | | | | | |
| G.O. Tax increment bonds | \$615,000 | \$ - | (\$35,000) | \$580,000 | \$40,000 |
| G.O. Improvement bonds | 7,650,000 | - | (1,610,000) | 6,040,000 | 1,420,000 |
| Other G.O. bonds | 17,615,000 | 10,000,000 | (850,000) | 26,765,000 | 1,130,000 |
| Bond premium | 806,627 | - | (58,826) | 747,801 | - |
| Compensated absences * | 530,174 | 113,649 | - | 643,823 | 81,612 |
| Total governmental activities | <u>\$27,216,801</u> | <u>\$10,113,649</u> | <u>(\$2,553,826)</u> | <u>\$34,776,624</u> | <u>\$2,671,612</u> |
| <u>Business Type Activities:</u> | | | | | |
| Compensated absences * | \$13,381 | \$8,040 | \$ - | \$21,421 | \$2,845 |
| Total business-type activities | <u>\$13,381</u> | <u>\$8,040</u> | <u>\$0</u> | <u>\$21,421</u> | <u>\$2,845</u> |
| <u>Component Units:</u> | | | | | |
| Note payables - EDA | \$1,383,165 | \$ - | (\$481,903) | \$901,262 | \$17,500 |
| Assessment payable - EDA | 657,883 | - | (20,035) | 637,848 | - |
| Direct Placement - PUC | 3,105,500 | - | (208,000) | 2,897,500 | 323,500 |
| G.O. Revenue bonds and notes - PUC | 13,994,000 | - | (2,822,000) | 11,172,000 | 1,597,000 |
| Unamortized premiums and discounts - PUC | 86,687 | - | (2,982) | 83,705 | - |
| Compensated absences - PUC * | 316,230 | - | (35,596) | 280,634 | 190,534 |
| Total component units | <u>\$19,543,465</u> | <u>\$0</u> | <u>(\$3,570,516)</u> | <u>\$15,972,949</u> | <u>\$2,128,534</u> |

* The change in compensated absences is presented as a net change.

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TAXABLE NOTE PAYABLES - EDA

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

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

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

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

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

In 2021, the EDA entered into a \$140,000 loan agreement with the Blandin Foundation. The loan matures on January 29, 2026. The interest rate is 0%.

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, 2022, the outstanding balance on the note was \$11,017,000.

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.

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REVENUE PLEDGED

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

| Bond Issue | Use of Proceeds | Revenue Pledged | | | Remaining Principal and Interest | Current Year | |
|--|--|---|-------------------------------|----------------|----------------------------------|-----------------------------|--------------------------|
| | | Type | Percent of Total Debt Service | Term of Pledge | | Principal and Interest Paid | Pledged Revenue Received |
| G.O. Improvement, 2007B | Street reconstruction | MSA allotments | 100% | 2007-2022 | \$ - | \$76,538 | \$76,538 |
| G.O. Improvement, 2009C (Build America Bond) | Infrastructure improvements | Special assessments Federal BAB credit Ad Valorem Taxes | 24% 10% 66% | 2010-2024 | \$1,150,202 | \$404,335 | \$330,748 |
| G.O. Improvement, 2010A | Infrastructure improvements, refund existing debt | Special assessments Ad Valorem Taxes | 34% 66% | 2012-2026 | \$268,186 | \$69,700 | \$60,757 |
| G.O. Improvement, 2011B | Infrastructure improvements, refund existing debt | Special assessments Ad Valorem Taxes | 56% 46% | 2012-2026 | \$399,292 | \$81,962 | \$54,317 |
| G.O. Improvement, 2012A | Infrastructure improvements | Special assessments Ad Valorem Taxes | 32% 68% | 2013-2027 | \$1,054,576 | \$181,147 | \$116,988 |
| G.O. Improvement, 2012B | Street reconstruction | MSA allotments | 100% | 2013-2027 | \$1,597,965 | \$317,728 | \$317,728 |
| G.O. Street Reconstruction, 2013B | Street reconstruction | Ad Valorem Taxes | 100% | 2014-2029 | \$2,354,944 | \$331,688 | \$126,819 |
| G.O. Improvement, 2014A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 20% 80% | 2014-2029 | \$1,573,905 | \$237,330 | \$228,734 |
| G.O. Street Reconstruction, 2016A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 80% 20% | 2016-2032 | \$1,688,390 | \$167,510 | \$167,054 |
| G.O. Street Reconstruction, 2017A | Street reconstruction, abatement, CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 13% 87% | 2018-2033 | \$1,987,062 | \$180,051 | \$168,743 |
| G.O. Refunding, 2017B | Refund of 2006A, 2007A, 2008A, 2008B and 2008C bonds | Special assessments Tax Increment Ad Valorem Taxes | 11% 28% 61% | 2018-2034 | \$1,163,503 | \$507,374 | \$213,866 |
| G.O. Improvement, 2018A | Street reconstruction, abatement, CIP Projects, and equipment | Ad Valorem Taxes Special assessments | 81% 19% | 2018-2033 | \$1,961,556 | \$167,063 | \$161,805 |
| G.O. Improvement, 2019A | Abatement Bond | Ad Valorem Taxes Tax abatement | 92% 8% | 2019-2035 | \$1,647,335 | \$126,580 | \$170,116 |
| G.O. Street Reconstruction, 2020A | CIP Projects, and equipment | Special assessments Ad Valorem Taxes | 92% 8% | 2020-2036 | \$2,403,136 | \$163,612 | \$192,311 |
| G.O. Improvement, 2021B | CIP projects, Abatement Bond | Ad Valorem Taxes Tax abatement | 80% 20% | 2022-2042 | \$7,666,288 | \$153,075 | \$404,397 |
| G.O. Temporary, 2022A | CIP projects, Abatement Bond, and equipment | Ad Valorem Taxes Tax abatement | 34% 66% | 2022-2025 | \$11,397,292 | \$ - | \$ - |

Note 9 **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% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

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

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

C. CONTRIBUTIONS

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2022 were \$299,429. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022 were \$301,697. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2022, the City reported a liability of \$4,253,058 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$124,745.

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The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0537% at the end of the measurement period and 0.0523% for the beginning of the period.

| | |
|--|---------------------------|
| City's proportionate share of the net pension liability | \$4,253,058 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>124,745</u> |
| Total | <u><u>\$4,377,803</u></u> |

For the year ended December 31, 2022, the City recognized pension expense of \$573,215 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$18,640 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2022, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$35,525 | \$45,486 |
| Changes in actuarial assumptions | 962,544 | 17,524 |
| Difference between projected and actual investment earnings | 75,245 | - |
| Changes in proportion | 81,523 | 7,061 |
| Contributions paid to PERA subsequent to the measurement date | <u>161,280</u> | <u>-</u> |
| Total | <u><u>\$1,316,117</u></u> | <u><u>\$70,071</u></u> |

The \$161,280 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Pension Expense</u> |
|------------------------------------|----------------------------|
| 2023 | \$409,539 |
| 2024 | 405,789 |
| 2025 | (115,188) |
| 2026 | 384,626 |
| 2027 | - |
| Thereafter | - |

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$5,931,238 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1363% at the end of the measurement period and 0.1298% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$408,003 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$50,241 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$12,267 for the year ended December 31, 2022 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, 2022, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$362,961 | \$ - |
| Changes in actuarial assumptions | 3,491,447 | 36,620 |
| Difference between projected and actual investment earnings | 82,181 | - |
| Changes in proportion | 129,471 | 57,487 |
| Contributions paid to PERA subsequent to the measurement date | 165,214 | - |
| Total | <u>\$4,231,274</u> | <u>\$94,107</u> |

The \$165,214 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Pension Expense</u> |
|------------------------------------|----------------------------|
| 2023 | \$806,206 |
| 2024 | 759,828 |
| 2025 | 671,336 |
| 2026 | 1,228,769 |
| 2027 | 505,814 |
| Thereafter | - |

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

| | |
|---------------------------|----------------|
| Inflation | 2.25% per year |
| Investment Rate of Return | 6.50% |

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% a year and that increase was used in the valuation.

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Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERF were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA’s experience.

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The single discount rate was changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic equity | 33.5% | 5.10% |
| International equity | 16.5% | 5.30% |
| Fixed income | 25% | 0.75% |
| Private markets | 25% | 5.90% |
| Total | 100% | |

F. DISCOUNT RATE

The discount rate for the GERF used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF 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.

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In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

G. PENSION LIABILITY SENSITIVITY

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

| | <u>1% Decrease in Discount Rate (5.5%)</u> | <u>Discount Rate (6.5%)</u> | <u>1% Increase in Discount Rate (7.5%)</u> |
|--|--|-----------------------------|--|
| City's proportionate share of the GERF net pension liability | \$6,717,927 | \$4,253,058 | \$2,231,484 |
| | <u>1% Decrease in Discount Rate (4.4%)</u> | <u>Discount Rate (5.4%)</u> | <u>1% Increase in Discount Rate (6.4%)</u> |
| City's proportionate share of the PEPFF net pension liability | \$8,976,167 | \$5,931,238 | \$3,469,594 |

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.

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2022 is as follows:

| | |
|-----------------------|-------------------------|
| GERF | \$573,215 |
| PEPFF | 408,003 |
| Fire Relief (Note 11) | <u>(23,582)</u> |
| Total | <u><u>\$957,636</u></u> |

Note 10 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.

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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 2022 were:

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

Note 11 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 424A and 424B.

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 \$6,500 for each full year of active service. For members retiring prior to January 1, 2015, during the time the member is on the deferred pension roll, the Association shall add to the amount payable to such member interest, compounded annually, at the rate of 5% per year. Fully vested members will be eligible to receive the final year on a pro-rated basis. For members retiring after January 1, 2015, the amount payable will be transferred to a separate investment vehicle held by the Relief Association. The deferred member bears the full investment risk subsequent to transfer. When the member applies for their pension, the deferred service pension shall be equal to the fair value of the member's separate investment vehicle.

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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 |
|---|---------------|---|---------------|---|

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.

C. EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2022, the following employees were covered by the benefit terms:

| | |
|---|------------------|
| Retired members entitled to benefits, but have not received them | 12 |
| Current members: | |
| Fully vested (20 years or more) | 3 |
| Partially vested (10 years to 19 years) | 8 |
| Nonvested (less than 10 years) | <u>19</u> |
| Total | <u><u>42</u></u> |

D. CONTRIBUTIONS

Minnesota Statutes Chapter 424A.092 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief Association is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief Association. The City's contributions to the Relief Association for the year ended December 31, 2022, were \$5,000. State aid contributions for the year ended December 31, 2022, were \$132,100.

E. NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022.

F. ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--------------------------------------|-------|
| Expected long-term investment return | 6.00% |
| 20-year municipal bond yield | N/A |
| Salary increases | 2.50% |
| Inflation | None |
| Age of service retirement | 50 |
| Post retirement benefit increase | N/A |

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

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

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

| <u>Asset Class</u> | <u>Portfolio Weight</u> | <u>Expected Class Return</u> |
|--------------------|-------------------------|------------------------------|
| Cash | 5% | 2.00% |
| Fixed income | 37% | 3.90% |
| Equities | 57% | 7.90% |
| Other | <u>1%</u> | <u>7.00%</u> |
| Total portfolio | 100% | 6.00% |

G. DISCOUNT RATES

The discount rate used to measure the total pension liability was 6.00%. 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, 2022 | \$2,133,320 | \$3,647,570 | (\$1,514,250) |
| Changes for the year: | | | |
| Service cost | 96,594 | - | 96,594 |
| Interest cost | 109,591 | - | 109,591 |
| Assumption changes | (71,281) | - | (71,281) |
| Plan changes | - | - | - |
| Contributions - employer | - | 5,000 | (5,000) |
| On behalf contributions - State of MN | - | 132,100 | (132,100) |
| Projected investment return | - | 183,640 | (183,640) |
| Gain or loss | (46,387) | (640,602) | 594,215 |
| Benefit payments | (76,200) | (76,200) | - |
| Administrative expense | - | (10,429) | 10,429 |
| Other changes | - | - | - |
| Net changes | <u>12,317</u> | <u>(406,491)</u> | <u>418,808</u> |
| Balance at December 31, 2022 | <u>\$2,145,637</u> | <u>\$3,241,079</u> | <u>(\$1,095,442)</u> |

I. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.00 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 (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

| | 1% Decrease in Discount Rate (5.00%) | Discount Rate (6.00%) | 1% Increase in Discount Rate (7.00%) |
|-------------------------------|--|--------------------------|--|
| Net pension liability (asset) | (\$1,024,161) | (\$1,095,442) | (\$1,163,146) |

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, 104 SE 11th Street, Grand Rapids, Minnesota, 55744.

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

For the year ended December 31, 2022, the City recognized pension expense of (\$23,582). The City also recognized \$132,100 for the year ended December 31, 2022, as pension expense (and grant revenue) for the State of Minnesota’s on-behalf contribution to the plan. At December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between projected and actual investment earnings | \$315,645 | \$ - |
| Differences between expected and actual economic experience | 43,222 | 49,489 |
| Changes in actuarial assumptions | 41,241 | 61,098 |
| Total | <u>\$400,108</u> | <u>\$110,587</u> |

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

| <u>Year Ended December 31,</u> | <u>Expense Amount</u> |
|------------------------------------|---------------------------|
| 2023 | \$19,398 |
| 2024 | 73,654 |
| 2025 | 89,213 |
| 2026 | 126,365 |
| 2027 | (2,301) |
| Thereafter | (16,808) |

Note 12 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 9 and 10, the City provides post-employment health care benefits, as defined in paragraph B, through The Operating Engineers Local #49 Health and Welfare Fund (the plan). The plan is a multi-employer defined benefit OPEB plan administered by a plan administrator selected by the plan. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

Clerical and Public Works Employees

Clerical and public works employees who retire at age 55 or older with 10 or more years of service may continue medical coverage in the Operating Engineer Local #49 Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is required to allow retirees to continue participation in the plan until age 65. The City is required to pay

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\$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, 2022, the following employees were covered by the benefit terms:

| | |
|------------------------------------|----|
| Active employees electing coverage | 48 |
| Retirees electing coverage | - |
| Spouses electing coverage | - |
| Total | 48 |

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$22,253 was measured as of January 1, 2022 and was determined by an actuarial valuation dated January 1, 2021. Changes in the total OPEB liability during 2022 were:

| | |
|--|----------|
| Balance - beginning of year | \$19,792 |
| Changes for the year: | |
| Service cost | 2,025 |
| Interest cost | 436 |
| Plan changes | - |
| Differences between expected and actual experience | - |
| Changes in assumptions | - |
| Benefit payments | - |
| Net changes | 2,461 |
| Balance - end of year | \$22,253 |

There were no plan changes since the measurement date of January 1, 2022.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

| | |
|------------------------------|--------------------|
| Inflation | 2.00% |
| Salary increases | varied by contract |
| Discount rate | 2.00% |
| 20-year municipal bond yield | 2.00% |

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2021 valuation are similar to those used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2016 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019.

There were no changes in actuarial assumptions or other inputs since the prior measurement date.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current discount rate:

| | 1% Decrease (1.00%) | Discount Rate (2.00%) | 1% Increase (3.00%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | <u>\$24,012</u> | <u>\$22,253</u> | <u>\$20,584</u> |

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

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

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|----------------------|-----------------|--|-----------------|
| Total OPEB liability | <u>\$22,253</u> | <u>\$22,253</u> | <u>\$22,253</u> |

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

For the year ended December 31, 2022, the City recognized (\$98) of OPEB expense. At December 31, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ - | \$7,727 |
| Changes in actuarial assumptions | 815 | 1,379 |
| Total | <u>\$815</u> | <u>\$9,106</u> |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized on OPEB expense as follows:

| <u>Year Ended December 31,</u> | <u>OPEB Expense Amount</u> |
|------------------------------------|------------------------------------|
| 2023 | (\$2,561) |
| 2024 | (2,626) |
| 2025 | (2,618) |
| 2026 | (486) |
| 2027 | - |
| Thereafter | - |

Note 13 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.

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

TIF District #1-6, Old Hospital:

Issued in 2008 (2008B) in the principal sum of \$307,500 with an interest rate of 7.75 % per annum. Principal and interest shall be paid on August 1, 2010 and each February 1 and August 1 thereafter to and including February 1, 2032. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2032. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2032. The current year abatement (TIF note payments) amounted to \$29,658. At December 31, 2022, 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 \$15,537. At December 31, 2022, 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 \$32,242. At December 31, 2022, the principal amount outstanding on the note was \$199,820.

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

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payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,421. At December 31, 2022, the principal amount outstanding on the note was \$206,922.

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 current year abatement (TIF note payments) amounted to \$28,765. At December 31, 2022, the principal amount outstanding on the note was \$222,579.

TIF District #1-13, Unique Opportunities Apartments:

Issued in 2021 (2021A) in the principal sum of \$372,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2023 and each February 1 and August 1 thereafter to and including August 1, 2038. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed August 1, 2038. The current year abatement (TIF note payments) amounted to \$0. At December 31, 2022, the principal amount outstanding on the note was \$372,000.

TIF District #1-12, The Pillars:

Issued in 2022 (2022A) in the principal sum of \$1,751,833 with an interest rate of 4.75% per annum. Principal and interest shall be paid on August 1, 2022 and each February 1 and August 1 thereafter to and including February 1, 2030. 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, 2030. The current year abatement (TIF note payments) amounted to \$12,513. At December 31, 2022, the principal amount outstanding on the note was \$1,751,833.

1st Avenue Condominiums Abatement:

Issued in 2015, this Taxable Limited Revenue Note, Series 2015 in the principal sum of \$320,000 with an interest rate of 3.00% per annum. Principal and interest shall be paid on August 1, 2015 and each February 1 and August 1 thereafter to and including February 1, 2030. Payments are payable solely from available tax abatement derived from the developed/redeveloped property and paid to the City and to Itasca County. The Taxable Limited Revenue Note provides for payment to the developer equal to all tax abatement received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2030. The current year abatement (TIF note payments) amounted to \$43,784. At December 31, 2022, the principal amount outstanding on the note was \$55,885.

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 14 CONTINGENCIES

A. LITIGATION

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

B. FEDERAL AND STATE FUNDS

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

C. TAX INCREMENT DISTRICTS

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

D. FORGIVABLE LOAN

Unrecorded loan – deferred loan agreement of \$300,000 issued on November 9, 2017 between the EDA and Grand Itasca Clinic and Hospital is only required to be repaid if the borrower defaults on the terms of the loan, which includes sale of the property. If default should occur, the entire remaining unforgiven principal and accrued interest is immediately due and payable. If no events of default occur, and if the borrower does not sell the property within five years of the closing date, no payments shall be payable on the note and the principal balance of the loan shall be forgiven. The loan bears interest at 0%. The entire balance of this deferred loan totaling \$300,000 at December 31, 2022, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 15 OTHER DEFERRED DEBITS AND CREDITS

During 2011-2012, Grand Rapids PUC constructed landfill sites to dispose of industrial waste from UPM Blandin Paper. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. A portion of the cost for the Landfill Phase 8 site was reimbursed by UPM Blandin Paper and is recorded as a deferred credit. These deferred credits are amortized as revenue over the life of the landfill. A portion of the 2011A bonds were issued for the landfill phase 8 project that finished construction in January 2013. UPM 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 \$538,727 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, 2022 is \$128,572.

Note 16 FUND BALANCE

A. CLASSIFICATIONS

Definitions of fund balance classifications are included in Note 1Q. At December 31, 2022, a summary of the governmental fund balance classifications are as follows:

| | General Fund | 407 Capital Equipment Replacement | 483 Civic Center Capital Improvements | 484 2022 Infrastructure/ ARPA | Other Governmental Funds | Total |
|-------------------------------------|--------------------|---|---|-------------------------------------|--------------------------------|---------------------|
| Nonspendable: | | | | | | |
| Prepaid items | \$192,005 | \$ - | \$ - | \$ - | \$35,693 | \$227,698 |
| Interfund loans receivable | 1,219,669 | - | - | - | - | 1,219,669 |
| Restricted: | | | | | | |
| Debt service | - | - | - | - | 6,081,629 | 6,081,629 |
| Unspent bond proceeds - improvement | - | - | 7,096,512 | - | - | 7,096,512 |
| Law enforcement | - | - | - | - | 54,408 | 54,408 |
| Other purposes | 35,374 | - | - | - | 143,228 | 178,602 |
| Committed: | | | | | | |
| Revenue stabilization | 1,169,769 | - | - | - | - | 1,169,769 |
| Public library | - | - | - | - | 688,835 | 688,835 |
| Central school | - | - | - | - | 94,631 | 94,631 |
| Airport operations | - | - | - | - | 91,056 | 91,056 |
| Cemetery | - | - | - | - | 146,479 | 146,479 |
| Domestic animal control facility | - | - | - | - | 9,786 | 9,786 |
| Assigned: | | | | | | |
| Capital purposes | - | - | - | - | 1,748,247 | 1,748,247 |
| Unassigned | 5,012,023 | (1,129,094) | - | (164,224) | (212,245) | 3,506,460 |
| Total | <u>\$7,628,840</u> | <u>(\$1,129,094)</u> | <u>\$7,096,512</u> | <u>(\$164,224)</u> | <u>\$8,881,747</u> | <u>\$22,313,781</u> |

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, 2022, the unassigned fund balance of the General Fund was \$5,012,023, compared to its targeted unassigned fund balance of \$6,394,276 based on the above policy.

C. REVENUE STABILIZATION

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

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

Due to the recession which began in 2008, the City depleted its revenue stabilization reserve in 2010. During 2011, the City began replenishing the reserve in accordance with its policy described above. The reserve at December 31, 2022 is as follows:

| | |
|--|---------------------------|
| Revenue stabilization at December 31, 2020 | \$925,572 |
| 2021 replenishment | <u>124,260</u> |
| Revenue stabilization at December 31, 2021 | 1,049,832 |
| 2022 replenishment | <u>119,937</u> |
| Revenue stabilization at December 31, 2022 | <u><u>\$1,169,769</u></u> |

Note 17 COMMITMENTS

A. POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service 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. The contract requires no minimum purchase of power and provides that Grand Rapids PUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total Grand Rapids PUC 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 2022, a new electric service agreement was negotiated with the 13 Northeast Minnesota Municipal Power Agency (NEMMPA) Municipal Customers. This contract expires December 31, 2029. The agreement includes a flat customer charge per month, a predetermined yearly base capacity charge, a yearly predetermined base energy charge, a yearly predetermined incremental capacity charge, and a yearly predetermined incremental energy charge. The contract also contains a base energy adjustment which reflects the sum of (1) a projection of fuel and purchased power costs for the upcoming service year; and (2) a true-up of any variances between projected and actual fuel and purchased power costs for services to NEMMPA Municipal Customers. Grand Rapids Public Utilities Commission is a member of NEMMPA. The peak power requirements for 2022 and 2021 were 29,859 and 31,868 kW, respectively.

Grand Rapids PUC entered into a Municipal Minnesota Interconnect agreement on September 16, 2021, with MP. The Grand Rapids PUC, as the area EPS Operator, and MP, as the Interconnect Customer, both agree to allow each party to connect to the other party's area electric power system related solar equipment at the Itasca Clean Energy Solar Plus Battery Storage project in Grand Rapids, Minnesota.

B. CONSTRUCTION COMMITMENTS

The City has several active construction projects as of December 31, 2022. The remaining commitment on these projects is \$15,805,951.

The Public Utilities Commission has several active construction projects as of December 31, 2022. The remaining commitment on these projects is \$424,840.

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 Grand Rapids PUC is required to establish financial assurance for closure, post-closure care and contingency action.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 | \$2,058,221 |
| Post-closure care cost estimate | 3,201,456 |
| Contingency action | <u>633,181</u> |
| Total | <u><u>\$5,892,858</u></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 February 15, 2023 and January 11, 2022, Blandin Paper Company established an irrevocable letter of credit for \$5,892,858 and \$4,526,085 with Nordea Bank on behalf of the Public Utilities Commission. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

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

Note 18 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 19 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, 2022, there was one bond issue outstanding, with an estimated aggregate principal amount payable of \$996,664.

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 2022 was \$868,000.

Note 21 DEFICIT FUND BALANCES

At December 31, 2022, individual funds with deficit fund balances are as follows:

| | |
|-----------------------------------|-------------|
| Special Revenue Funds: | |
| 228 IRA Civic Center | (\$47,268) |
| Capital Project Funds: | |
| 407 Capital Equipment Replacement | (1,129,094) |
| 484 2022 Infrastructure / ARPA | (164,224) |
| 403 GR/Cohasset Industrial park | (161,762) |

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 \$3,829,629 and \$3,354,423 for 2022 and 2021, respectively. Grand Rapids PUC 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, 2013C, and 2021C 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 2022 and 2021 were \$1,922,398 and, \$2,340,202 respectively.

Note 23 ADOPTION OF NEW ACCOUNTING STANDARDS

The City implemented GASB statement No. 87 for the year ended December 31, 2022. As a result, a lease receivable and deferred inflows of resources related to leases are recorded within the governmental funds balance sheet, proprietary funds statement of net position, and the government-wide statement of net position. Implementation of this standard did not require a restatement of beginning net position or fund balance.

Note 24 SUBSEQUENT EVENTS – PUC

RATE ADJUSTMENT

On December 14, 2022, the Commission approved the 2023 annual rate increase for water services of approximately 15% effective January 1, 2023.

On December 14, 2022, the Commission approved the 2023 annual rate increase for domestic wastewater services of approximately 5% effective January 1, 2023.

On December 14, 2022, the Commission approved the 2023 annual rate increase for electric services of approximately 1% effective January 1, 2023.

Note 25 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. 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.

Statement No. 99 *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

Statement No. 100 *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2022

| | 2022 | | | |
|--|------------------|-------------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Actual Over (Under) Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| General property taxes | \$5,126,597 | \$5,126,597 | \$5,083,920 | (\$42,677) |
| Payment in lieu of taxes: | | | | |
| Housing Authorities | 45,000 | 45,000 | 56,990 | 11,990 |
| Public utilities | 868,000 | 868,000 | 868,000 | - |
| Total taxes | 6,039,597 | 6,039,597 | 6,008,910 | (30,687) |
| Licenses and permits: | | | | |
| Business | 36,800 | 36,800 | 45,850 | 9,050 |
| Nonbusiness | 261,005 | 261,005 | 433,918 | 172,913 |
| Total licenses and permits | 297,805 | 297,805 | 479,768 | 181,963 |
| Intergovernmental: | | | | |
| Federal: | | | | |
| Public safety grants | 30,000 | 30,000 | 18,106 | (11,894) |
| State: | | | | |
| Local government aid | 1,752,003 | 1,752,003 | 1,752,003 | - |
| Market value homestead credit | - | - | 2,379 | 2,379 |
| Taconite supplemental aid | 117,253 | 117,253 | 234,507 | 117,254 |
| Municipal state aid street maintenance | 186,200 | 186,200 | 186,200 | - |
| Police aid | 173,000 | 173,000 | 190,312 | 17,312 |
| Fire aid | 130,000 | 130,000 | 130,077 | 77 |
| Police training aid | 18,500 | 18,500 | 18,267 | (233) |
| State - miscellaneous | 500 | 500 | 28,367 | 27,867 |
| US Gas Tax Refund | 500 | 500 | 1,257 | 757 |
| Local: | | | | |
| Aitkin-Itasca-Mille Lacs Violent Crimes Enforcement Team | - | - | 1,980 | 1,980 |
| School District #318 | 149,340 | 149,340 | 151,882 | 2,542 |
| Total intergovernmental | 2,557,296 | 2,557,296 | 2,715,337 | 158,041 |
| Charges for services: | | | | |
| General government | 231,625 | 231,625 | 224,973 | (6,652) |
| Public safety | 705,698 | 705,698 | 754,135 | 48,437 |
| Public works | 231,200 | 231,200 | 241,722 | 10,522 |
| Total charges for services | 1,168,523 | 1,168,523 | 1,220,830 | 52,307 |
| Fines and forfeits | 56,000 | 56,000 | 69,678 | 13,678 |
| Interest and investment income | 40,000 | 40,000 | 35,748 | (4,252) |
| Net increase (decrease) in the fair value of investments | - | - | (245,190) | (245,190) |
| Miscellaneous: | | | | |
| Donations/contributions | 10,000 | 10,000 | 28,690 | 18,690 |
| Rentals and leases | 3,000 | 3,000 | 3,480 | 480 |
| Other | 18,700 | 18,700 | 29,256 | 10,556 |
| Total miscellaneous | 31,700 | 31,700 | 61,426 | 29,726 |
| Total revenues | 10,190,921 | 10,190,921 | 10,346,507 | 155,586 |

See accompanying notes to the required supplementary information.

| | 2022 | | | Actual Over (Under) Final Budget |
|--|------------------|-----------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Expenditures: | | | | |
| General government: | | | | |
| Mayor and city council: | | | | |
| Current: | | | | |
| Personnel services | \$45,268 | \$45,268 | \$45,231 | (\$37) |
| Materials and supplies | - | - | 17 | 17 |
| Other services and charges | 81,500 | 81,500 | 98,905 | 17,405 |
| Total mayor and city council | 126,768 | 126,768 | 144,153 | 17,385 |
| Administration: | | | | |
| Current: | | | | |
| Personnel services | 545,600 | 545,600 | 520,055 | (25,545) |
| Materials and supplies | 1,850 | 1,850 | 481 | (1,369) |
| Other services and charges | 72,250 | 72,250 | 61,370 | (10,880) |
| Total administration | 619,700 | 619,700 | 581,906 | (37,794) |
| Finance: | | | | |
| Current: | | | | |
| Personnel services | 528,874 | 528,874 | 523,489 | (5,385) |
| Materials and supplies | 3,300 | 3,300 | 3,287 | (13) |
| Other services and charges | 52,975 | 52,975 | 43,468 | (9,507) |
| Total finance | 585,149 | 585,149 | 570,244 | (14,905) |
| Information technology: | | | | |
| Current: | | | | |
| Personnel services | 243,176 | 243,176 | 243,173 | (3) |
| Materials and supplies | 8,350 | 8,350 | 5,640 | (2,710) |
| Other services and charges | 76,415 | 76,415 | 49,352 | (27,063) |
| Total information technology | 327,941 | 327,941 | 298,165 | (29,776) |
| Community development: | | | | |
| Current: | | | | |
| Personnel services | 516,663 | 516,663 | 497,066 | (19,597) |
| Materials and supplies | 6,100 | 6,100 | 10,699 | 4,599 |
| Other charges and services | 36,200 | 36,200 | 42,008 | 5,808 |
| Total community development | 558,963 | 558,963 | 549,773 | (9,190) |
| Building safety: | | | | |
| Current: | | | | |
| Personnel services | 355,401 | 355,401 | 354,834 | (567) |
| Materials and supplies | 12,300 | 12,300 | 14,660 | 2,360 |
| Other charges and services | 80,600 | 80,600 | 97,105 | 16,505 |
| Total building maintenance - city hall | 448,301 | 448,301 | 466,599 | 18,298 |
| Total general government | 2,666,822 | 2,666,822 | 2,610,840 | (55,982) |

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, 2022

| | 2022 | | | |
|----------------------------|------------------|------------------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Actual Over (Under) Final Budget |
| | Original | Final | | |
| Expenditures: (continued) | | | | |
| Public safety: | | | | |
| Police protection: | | | | |
| Current: | | | | |
| Personnel services | \$3,045,993 | \$3,045,993 | \$2,976,634 | (\$69,359) |
| Materials and supplies | 110,300 | 110,300 | 114,916 | 4,616 |
| Other charges and services | 254,798 | 254,798 | 232,572 | (22,226) |
| Total police protection | <u>3,411,091</u> | <u>3,411,091</u> | <u>3,324,122</u> | <u>(86,969)</u> |
| Fire protection: | | | | |
| Current: | | | | |
| Personnel services | 526,014 | 526,014 | 499,231 | (26,783) |
| Materials and supplies | 55,600 | 55,600 | 39,377 | (16,223) |
| Other charges and services | 107,464 | 107,464 | 160,329 | 52,865 |
| Total fire protection | <u>689,078</u> | <u>689,078</u> | <u>698,937</u> | <u>9,859</u> |
| Total public safety | <u>4,100,169</u> | <u>4,100,169</u> | <u>4,023,059</u> | <u>(77,110)</u> |
| Public works: | | | | |
| Public works: | | | | |
| Current: | | | | |
| Personnel services | 1,268,126 | 1,268,126 | 1,390,003 | 121,877 |
| Materials and supplies | 253,300 | 253,300 | 290,608 | 37,308 |
| Other services and charges | 491,600 | 491,600 | 522,494 | 30,894 |
| Street lighting | 240,000 | 240,000 | 261,191 | 21,191 |
| Total public works | <u>2,253,026</u> | <u>2,253,026</u> | <u>2,464,296</u> | <u>211,270</u> |
| Fleet maintenance: | | | | |
| Current: | | | | |
| Personnel services | 210,279 | 210,279 | 206,008 | (4,271) |
| Materials and supplies | 25,800 | 25,800 | 24,398 | (1,402) |
| Other services and charges | 44,400 | 44,400 | 29,995 | (14,405) |
| Total fleet maintenance | <u>280,479</u> | <u>280,479</u> | <u>260,401</u> | <u>(20,078)</u> |
| Total public works | <u>2,533,505</u> | <u>2,533,505</u> | <u>2,724,697</u> | <u>191,192</u> |

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022

| | 2022 | | | Actual Over (Under) Final Budget |
|--------------------------------------|------------------|------------------|--------------------|--|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Expenditures: (continued) | | | | |
| Culture and recreation: | | | | |
| Current: | | | | |
| Personnel services | \$84,121 | \$84,121 | \$87,186 | \$3,065 |
| Materials and supplies | 500 | 500 | 1 | (499) |
| Other services and charges | 7,500 | 7,500 | 6,535 | (965) |
| Total culture and recreation | <u>92,121</u> | <u>92,121</u> | <u>93,722</u> | <u>1,601</u> |
| Miscellaneous: | | | | |
| City-wide: | | | | |
| Current: | | | | |
| Other services and charges | 262,465 | 262,465 | 325,763 | 63,298 |
| Special projects: | | | | |
| Current: | | | | |
| Other services and charges | 128,800 | 128,800 | 96,381 | (32,419) |
| Total miscellaneous | <u>391,265</u> | <u>391,265</u> | <u>422,144</u> | <u>30,879</u> |
| Total expenditures | <u>9,783,882</u> | <u>9,783,882</u> | <u>9,874,462</u> | <u>90,580</u> |
| Revenues over (under) expenditures | <u>407,039</u> | <u>407,039</u> | <u>472,045</u> | <u>65,006</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | - | 6,476 | 6,476 |
| Insurance recoveries | - | - | 49,416 | 49,416 |
| Transfers out | (407,039) | (407,039) | (453,645) | (46,606) |
| Total other financing sources (uses) | <u>(407,039)</u> | <u>(407,039)</u> | <u>(397,753)</u> | <u>9,286</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 74,292 | <u>\$74,292</u> |
| Fund balance - January 1 | | | <u>7,554,548</u> | |
| Fund balance - December 31 | | | <u>\$7,628,840</u> | |

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 For The Last Ten Years

Statement 12

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------------|------------------|------------------|------------------|------------------|
| Total OPEB Liability: | | | | | |
| Service cost | \$ 2,025 | \$ 1,966 | \$ 1,937 | \$ 1,645 | \$ 1,556 |
| Interest cost | 436 | 672 | 935 | 1,648 | 16,116 |
| Plan changes | - | - | - | - | (402,538) |
| Differences between expected and actual experience | - | (3,354) | - | (12,815) | - |
| Changes in assumptions | - | (685) | 1,317 | (2,164) | 400 |
| Benefit payments | - | - | (11,216) | (16,670) | (35,410) |
| Net change in total OPEB liability | 2,461 | (1,401) | (7,027) | (28,356) | (419,876) |
| Total OPEB liability - beginning | 19,792 | 21,193 | 28,220 | 56,576 | 476,452 |
| Total OPEB liability - ending | <u>\$ 22,253</u> | <u>\$ 19,792</u> | <u>\$ 21,193</u> | <u>\$ 28,220</u> | <u>\$ 56,576</u> |
| Covered payroll | \$2,997,809 | \$2,910,494 | \$2,761,631 | \$2,681,195 | \$5,049,054 |
| Total OPEB liability as a percentage of covered payroll | 0.7% | 0.7% | 0.8% | 1.1% | 1.1% |

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

See accompanying notes to the required supplementary information.

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

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 | 0.0524% | 3,141,619 | 97,027 | 3,238,646 | 3,739,709 | 86.6% | 79.1% |
| 2021 | 2021 | 0.0522% | 2,233,444 | 68,208 | 2,301,652 | 3,757,969 | 61.2% | 87.0% |
| 2022 | 2022 | 0.0537% | 4,253,058 | 124,745 | 4,377,803 | 3,975,267 | 110.1% | 76.7% |

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

See accompanying notes to the required supplementary information.

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

Statement 14

| Fiscal Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (c) | Contributions as a Percentage of Covered Payroll (b/c) |
|-----------------------|--|---|---|---------------------------|---|
| December 31, 2015 | \$233,723 | \$233,723 | \$ - | \$3,114,384 | 7.50% |
| December 31, 2016 | 243,845 | 243,845 | - | 3,251,272 | 7.50% |
| December 31, 2017 | 257,796 | 257,796 | - | 3,437,287 | 7.50% |
| December 31, 2018 | 266,730 | 266,730 | - | 3,556,404 | 7.50% |
| December 31, 2019 | 276,142 | 276,142 | - | 3,681,888 | 7.50% |
| December 31, 2020 | 291,122 | 291,122 | - | 3,881,626 | 7.50% |
| December 31, 2021 | 292,388 | 292,388 | - | 3,898,515 | 7.50% |
| December 31, 2022 | 299,429 | 299,429 | - | 3,992,385 | 7.50% |

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

See accompanying notes to the required supplementary information.

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

Statement 15

| <u>Measurement Date</u> | <u>Fiscal Year Ending</u> | <u>Proportion (Percentage) of the Net Pension Liability</u> | <u>Proportionate Share (Amount) of the Net Pension Liability (a)</u> | <u>Covered Payroll (b)</u> | <u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|-------------------------|---------------------------|---|--|----------------------------|--|---|
| June 30, 2015 | December 31, 2015 | 0.1500% | \$1,704,351 | \$1,333,738 | 127.8% | 86.6% |
| June 30, 2016 | December 31, 2016 | 0.1440% | 5,778,971 | 1,384,958 | 417.3% | 63.9% |
| June 30, 2017 | December 31, 2017 | 0.1310% | 1,768,656 | 1,348,835 | 131.1% | 85.4% |
| June 30, 2018 | December 31, 2018 | 0.1331% | 1,418,709 | 1,403,112 | 101.1% | 88.8% |
| June 30, 2019 | December 31, 2019 | 0.1377% | 1,465,956 | 1,452,254 | 100.9% | 89.3% |
| June 30, 2020 | December 31, 2020 | 0.1315% | 1,733,311 | 1,483,509 | 116.8% | 87.2% |
| June 30, 2021 | December 31, 2021 | 0.1298% | 1,001,918 | 1,533,581 | 65.3% | 93.7% |
| June 30, 2022 | December 31, 2022 | 0.1363% | 5,931,238 | 1,655,432 | 358.3% | 70.5% |

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

See accompanying notes to the required supplementary information.

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

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 Payroll (b/c) |
|-----------------------|--|---|---|---------------------------|--|
| December 31, 2015 | \$219,785 | \$219,785 | \$ - | \$1,354,978 | 16.22% |
| December 31, 2016 | 223,959 | 223,959 | - | 1,382,461 | 16.20% |
| December 31, 2017 | 221,152 | 221,152 | - | 1,365,140 | 16.20% |
| December 31, 2018 | 232,463 | 232,463 | - | 1,434,959 | 16.20% |
| December 31, 2019 | 248,008 | 248,008 | - | 1,463,178 | 16.95% |
| December 31, 2020 | 279,224 | 279,224 | - | 1,577,536 | 17.70% |
| December 31, 2021 | 281,680 | 281,680 | - | 1,591,411 | 17.70% |
| December 31, 2022 | 301,697 | 301,697 | - | 1,704,501 | 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⁽¹⁾

GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION
For The Last Ten Years

| Fiscal year ending | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Measurement date | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Total pension liability: | | | | | | | | |
| Service cost | \$96,594 | \$79,740 | \$75,628 | \$73,783 | \$71,473 | \$63,391 | \$72,757 | \$75,241 |
| Interest cost | 109,591 | 91,327 | 88,668 | 79,734 | 81,962 | 72,102 | 68,376 | 66,133 |
| Plan changes | - | 215,447 | - | - | - | 99,530 | - | - |
| Gain or loss | (46,387) | - | - | - | (21,899) | - | - | - |
| Differences between expected and actual experience | - | - | 69,157 | - | - | - | (40,925) | - |
| Changes of assumptions | (71,281) | - | 46,936 | - | 26,796 | - | (11,420) | - |
| Benefit payments, including refunds of employee contributions | (76,200) | - | - | - | (170,700) | - | (130,773) | (222,729) |
| Net change in total pension liability | 12,317 | 386,514 | 280,389 | 153,517 | (12,368) | 235,023 | (41,985) | (81,355) |
| Total pension liability - beginning | 2,133,320 | 1,746,806 | 1,466,417 | 1,312,900 | 1,325,268 | 1,090,245 | 1,132,230 | 1,213,585 |
| Total pension liability - ending (a) | \$2,145,637 | \$2,133,320 | \$1,746,806 | \$1,466,417 | \$1,312,900 | \$1,325,268 | \$1,090,245 | \$1,132,230 |
| Plan fiduciary net position: | | | | | | | | |
| Contributions - employer | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Contributions - State of Minnesota | 132,100 | 143,391 | 137,585 | 131,658 | 131,511 | 128,622 | 130,759 | 131,098 |
| Contributions - employee | - | - | - | - | - | - | - | - |
| Net investment income | 183,640 | 161,612 | 242,051 | 133,639 | 153,082 | 312,604 | 138,089 | (98,329) |
| Benefit payments, including refunds of employee contributions | (76,200) | - | - | - | (170,700) | - | (130,773) | (222,729) |
| Administrative expense | (10,429) | (12,532) | (12,022) | (11,439) | (11,317) | (11,676) | (10,672) | (11,540) |
| Gain or loss | (640,602) | 185,786 | - | 271,292 | (318,100) | - | - | - |
| Net change in plan fiduciary net position | (406,491) | 483,257 | 372,614 | 530,150 | (210,524) | 434,550 | 132,403 | (196,500) |
| Plan fiduciary net position - beginning | 3,647,570 | 3,164,313 | 2,791,699 | 2,261,549 | 2,472,073 | 2,037,523 | 1,905,120 | 2,101,620 |
| Plan fiduciary net position - ending (b) | \$3,241,079 | \$3,647,570 | \$3,164,313 | \$2,791,699 | \$2,261,549 | \$2,472,073 | \$2,037,523 | \$1,905,120 |
| Net pension liability / (asset) - ending (a) - (b) | (\$1,095,442) | (\$1,514,250) | (\$1,417,507) | (\$1,325,282) | (\$948,649) | (\$1,146,805) | (\$947,278) | (\$772,890) |
| Plan fiduciary net position as a percentage of the total pension liability | 151.05% | 170.98% | 181.15% | 190.38% | 172.26% | 186.53% | 186.89% | 168.26% |
| Covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Net pension liability as a percentage of covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |

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

See accompanying notes to the required supplementary information.

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

| Fiscal Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (c) | Contributions as a Percentage of Covered Payroll (b/c) |
|-----------------------|--|---|---|---------------------------|---|
| December 31, 2015 | \$ - | \$5,000 | (\$5,000) | (2) | (2) |
| December 31, 2016 | - | 5,000 | (5,000) | (2) | (2) |
| December 31, 2017 | - | 5,000 | (5,000) | (2) | (2) |
| December 30, 2018 | - | 5,000 | (5,000) | (2) | (2) |
| December 31, 2019 | - | 5,000 | (5,000) | (2) | (2) |
| December 31, 2020 | - | 5,000 | (5,000) | (2) | (2) |
| December 31, 2021 | - | 5,000 | (5,000) | (2) | (2) |
| December 31, 2022 | - | 5,000 | (5,000) | (2) | (2) |

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

See accompanying notes to the required supplementary information.

A. LEGAL COMPLIANCE – BUDGETS

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

B. PENSION INFORMATION

PERA – General Employees Retirement Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

2018 Changes

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions:

- The single discount rate changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

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

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 5.60% to 7.50%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSO has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year for 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the selection period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- 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, 2021, benefit level per year of service increased from \$5,500 to \$6,500.

C. OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

2022 Changes

Changes in Actuarial Assumptions:

- None.

2021 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.90% to 2.00%.
- The mortality tables were updated from the RP-2014 tables to the Pub-2010 public retirement plans head count weighted mortality tables.

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

- 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, 2022

Statement 19

| | Special Revenue | Debt Service | Capital Project | Total Nonmajor Governmental Funds |
|---|--------------------|--------------------|--------------------|--------------------------------------|
| Assets | | | | |
| Cash and investments | \$1,166,555 | \$6,193,783 | \$1,917,622 | \$9,277,960 |
| Due from other governmental units | 121,881 | - | 786,447 | 908,328 |
| Due from component units | - | - | 42,084 | 42,084 |
| Accounts receivable | 88,332 | - | 9,000 | 97,332 |
| Pledges receivable | 8,500 | - | - | 8,500 |
| Prepaid items | 35,693 | - | - | 35,693 |
| Taxes receivable - delinquent | 34,371 | - | - | 34,371 |
| Special assessments receivable | - | 1,864,591 | 392,891 | 2,257,482 |
| Lease receivable | 561,797 | - | - | 561,797 |
| | <u>\$2,017,129</u> | <u>\$8,058,374</u> | <u>\$3,148,044</u> | <u>\$13,223,547</u> |
| Total assets | | | | |
| | <u>\$2,017,129</u> | <u>\$8,058,374</u> | <u>\$3,148,044</u> | <u>\$13,223,547</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$85,807 | \$102,957 | \$260,961 | \$449,725 |
| Accrued wages payable | 22,594 | - | - | 22,594 |
| Due to other governmental units | 1,672 | - | 272,691 | 274,363 |
| Due to component units | 27,814 | - | 665 | 28,479 |
| Contracts payable | - | - | 12,129 | 12,129 |
| Due to other funds | 56,907 | - | 542,551 | 599,458 |
| Deposits payable | 8,696 | - | - | 8,696 |
| Interfund loan payable | 37,688 | - | - | 37,688 |
| Unearned revenue | 9,821 | - | 27,500 | 37,321 |
| Total liabilities | <u>250,999</u> | <u>102,957</u> | <u>1,116,497</u> | <u>1,470,453</u> |
| Deferred inflows of resources: | | | | |
| Related to leases | 561,797 | - | - | 561,797 |
| Unavailable revenue | 42,871 | 1,873,788 | 392,891 | 2,309,550 |
| Total deferred inflows of resources | <u>604,668</u> | <u>1,873,788</u> | <u>392,891</u> | <u>2,871,347</u> |
| Fund balance: | | | | |
| Nonspendable | 35,693 | - | - | 35,693 |
| Restricted | 145,465 | 6,081,629 | 52,171 | 6,279,265 |
| Committed | 1,030,787 | - | - | 1,030,787 |
| Assigned | - | - | 1,748,247 | 1,748,247 |
| Unassigned | (50,483) | - | (161,762) | (212,245) |
| Total fund balance | <u>1,161,462</u> | <u>6,081,629</u> | <u>1,638,656</u> | <u>8,881,747</u> |
| Total liabilities, deferred inflows of resources, and fund balance | | | | |
| | <u>\$2,017,129</u> | <u>\$8,058,374</u> | <u>\$3,148,044</u> | <u>\$13,223,547</u> |

CITY OF GRAND RAPIDS, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2022

Statement 20

| | Special Revenue | Debt Service | Capital Project | Total Nonmajor Governmental Funds |
|--|--------------------|--------------------|--------------------|--------------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| General property | \$933,763 | \$1,978,461 | \$ - | \$2,912,224 |
| Tax abatements | - | 33,305 | - | 33,305 |
| Tax increments | - | 273,363 | - | 273,363 |
| Intergovernmental | 312,206 | 510,453 | 1,593,204 | 2,415,863 |
| Special assessments | - | 303,773 | 14,232 | 318,005 |
| Charges for services | 1,055,059 | - | - | 1,055,059 |
| Fines and forfeits | 44,382 | - | - | 44,382 |
| Interest and investment income | 19,128 | 25,548 | 7,704 | 52,380 |
| Net increase (decrease) in the fair value of investments | (23,611) | (60,363) | (232,151) | (316,125) |
| Contributions and donations | 53,066 | - | 244,595 | 297,661 |
| Other | 1,796 | - | 411,412 | 413,208 |
| Total revenues | <u>2,395,789</u> | <u>3,064,540</u> | <u>2,038,996</u> | <u>7,499,325</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | 216,847 | 947,837 | 1,164,684 |
| Public safety | 179,442 | - | - | 179,442 |
| Public works | 538,516 | - | 125,354 | 663,870 |
| Culture and recreation | 1,681,944 | - | 6,000 | 1,687,944 |
| Capital outlay/construction | 12,500 | - | 1,737,834 | 1,750,334 |
| Debt service: | | | | |
| Principal retirement | - | 2,495,000 | - | 2,495,000 |
| Interest | - | 670,696 | - | 670,696 |
| Paying agent fees | - | 7,075 | - | 7,075 |
| Total expenditures | <u>2,412,402</u> | <u>3,389,618</u> | <u>2,817,025</u> | <u>8,619,045</u> |
| Revenues over (under) expenditures | <u>(16,613)</u> | <u>(325,078)</u> | <u>(778,029)</u> | <u>(1,119,720)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 144,942 | 341,269 | 182,526 | 668,737 |
| Transfers out | (24,437) | (11,458) | (154,386) | (190,281) |
| Total other financing sources (uses) | <u>120,505</u> | <u>329,811</u> | <u>28,140</u> | <u>478,456</u> |
| Net change in fund balance | 103,892 | 4,733 | (749,889) | (641,264) |
| Fund balance - January 1 | <u>1,057,570</u> | <u>6,076,896</u> | <u>2,388,545</u> | <u>9,523,011</u> |
| Fund balance - December 31 | <u>\$1,161,462</u> | <u>\$6,081,629</u> | <u>\$1,638,656</u> | <u>\$8,881,747</u> |

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

| | |
|--|--------------------|
| Prior year ending fund balance reported | \$8,571,604 |
| Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year: | |
| 484 2022 Infrastructure Bonds | - |
| Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year: | |
| 413 Airport Capital Fund | 102,160 |
| 482 2021 Infrastructure Bonds | 849,247 |
| Current year beginning fund balance | <u>\$9,523,011</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
December 31, 2022

| | <u>211 Public Library</u> | <u>225 Central School</u> | <u>226 Airport Operations</u> |
|---|-------------------------------|-------------------------------|-----------------------------------|
| Assets | | | |
| Cash and investments | \$679,520 | \$107,137 | \$171,897 |
| Due from other governmental units | 36,480 | - | 59,104 |
| Accounts receivable | 1,100 | - | 538 |
| Pledges receivable | - | - | - |
| Prepaid items | 12,814 | - | 11,832 |
| Taxes receivable - delinquent | 26,321 | - | - |
| Lease receivable | - | - | 300,692 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u><u>\$756,235</u></u> | <u><u>\$107,137</u></u> | <u><u>\$544,063</u></u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | \$14,407 | \$6,239 | \$37,060 |
| Accrued wages payable | 10,326 | - | 1,325 |
| Due to other governmental units | 932 | - | 169 |
| Due to component units | 2,600 | 1,470 | 1,356 |
| Due to other funds | - | - | - |
| Deposits payable | - | 4,330 | 4,366 |
| Interfund loan payable | - | - | - |
| Unearned revenue | - | 467 | 5,150 |
| Total liabilities | <u>28,265</u> | <u>12,506</u> | <u>49,426</u> |
| Deferred inflows of resources: | | | |
| Related to leases | - | - | 300,692 |
| Unavailable revenue | 26,321 | - | - |
| Total deferred inflows of resources | <u>26,321</u> | <u> </u> | <u>300,692</u> |
| Fund balance (deficit): | | | |
| Nonspendable | 12,814 | - | 11,832 |
| Restricted | - | - | 91,057 |
| Committed | 688,835 | 94,631 | 91,056 |
| Unassigned | - | - | - |
| Total fund balance (deficit) | <u>701,649</u> | <u>94,631</u> | <u>193,945</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u><u>\$756,235</u></u> | <u><u>\$107,137</u></u> | <u><u>\$544,063</u></u> |

| <u>228 IRA Civic Center</u> | <u>231 Haz-Mat</u> | <u>232 Police Forfeiture</u> | <u>233 Cemetery</u> | <u>235 Domestic Animal Control Facility</u> | <u>Totals Nonmajor Special Revenue Funds</u> |
|-----------------------------|--------------------|------------------------------|---------------------|---|--|
| \$ - | \$ - | \$48,184 | \$147,619 | \$12,198 | \$1,166,555 |
| - | 17,276 | 5,784 | 3,192 | 45 | 121,881 |
| 86,694 | - | - | - | - | 88,332 |
| 8,500 | - | - | - | - | 8,500 |
| 3,215 | - | - | 7,068 | 764 | 35,693 |
| - | - | - | 8,050 | - | 34,371 |
| 261,105 | - | - | - | - | 561,797 |
| <u>\$359,514</u> | <u>\$17,276</u> | <u>\$53,968</u> | <u>\$165,929</u> | <u>\$13,007</u> | <u>\$2,017,129</u> |
| \$25,684 | \$183 | \$ - | \$1,409 | \$825 | \$85,807 |
| 4,660 | 2,891 | - | 2,462 | 930 | 22,594 |
| 244 | - | - | 119 | 208 | 1,672 |
| 21,652 | - | - | 242 | 494 | 27,814 |
| 43,145 | 13,762 | - | - | - | 56,907 |
| - | - | - | - | - | 8,696 |
| 37,688 | - | - | - | - | 37,688 |
| 4,104 | - | - | 100 | - | 9,821 |
| <u>137,177</u> | <u>16,836</u> | <u>0</u> | <u>4,332</u> | <u>2,457</u> | <u>250,999</u> |
| 261,105 | - | - | - | - | 561,797 |
| 8,500 | - | - | 8,050 | - | 42,871 |
| <u>269,605</u> | <u>-</u> | <u>-</u> | <u>8,050</u> | <u>-</u> | <u>604,668</u> |
| 3,215 | - | - | 7,068 | 764 | 35,693 |
| - | 440 | 53,968 | - | - | 145,465 |
| - | - | - | 146,479 | 9,786 | 1,030,787 |
| (50,483) | - | - | - | - | (50,483) |
| <u>(47,268)</u> | <u>440</u> | <u>53,968</u> | <u>153,547</u> | <u>10,550</u> | <u>1,161,462</u> |
| <u>\$359,514</u> | <u>\$17,276</u> | <u>\$53,968</u> | <u>\$165,929</u> | <u>\$13,007</u> | <u>\$2,017,129</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, 2022

| | <u>211 Public Library</u> | <u>225 Central School</u> | <u>226 Airport Operations</u> |
|--|-------------------------------|-------------------------------|-----------------------------------|
| Revenues: | | | |
| General property taxes | \$725,383 | \$ - | \$ - |
| Intergovernmental | 34,663 | - | 179,934 |
| Charges for services | 195,976 | 62,401 | 133,427 |
| Fines and forfeits | 13 | - | - |
| Interest and investment income | (1,229) | 274 | 4,149 |
| Net increase (decrease) in the fair value of investments | (23,611) | - | - |
| Contributions and donations | 47,566 | - | - |
| Other | - | 126 | - |
| Total revenues | <u>978,761</u> | <u>62,801</u> | <u>317,510</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | - | - | - |
| Public works | - | - | 294,188 |
| Culture and recreation | 933,640 | 130,914 | - |
| Capital outlay/construction | - | - | - |
| Total expenditures | <u>933,640</u> | <u>130,914</u> | <u>294,188</u> |
| Revenues over (under) expenditures | <u>45,121</u> | <u>(68,113)</u> | <u>23,322</u> |
| Other financing sources (uses): | | | |
| Transfers in | - | 90,285 | 20,000 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | <u>0</u> | <u>90,285</u> | <u>20,000</u> |
| Net change in fund balance | 45,121 | 22,172 | 43,322 |
| Fund balance (deficit) - January 1 | <u>656,528</u> | <u>72,459</u> | <u>150,623</u> |
| Fund balance (deficit) - December 31 | <u><u>\$701,649</u></u> | <u><u>\$94,631</u></u> | <u><u>\$193,945</u></u> |

| <u>228 IRA Civic Center</u> | <u>231 Haz-Mat</u> | <u>232 Police Forfeiture</u> | <u>233 Cemetery</u> | <u>235 Domestic Animal Control Facility</u> | <u>Totals Nonmajor Special Revenue Funds</u> |
|-----------------------------|--------------------|------------------------------|---------------------|---|--|
| \$ - | \$ - | \$ - | \$208,380 | \$ - | \$933,763 |
| - | 76,770 | 8,082 | 9,757 | 3,000 | 312,206 |
| 621,430 | - | - | 41,825 | - | 1,055,059 |
| - | - | 13,697 | - | 30,672 | 44,382 |
| 15,043 | - | 304 | 587 | - | 19,128 |
| - | - | - | - | - | (23,611) |
| 5,500 | - | - | - | - | 53,066 |
| - | - | - | 1,670 | - | 1,796 |
| <u>641,973</u> | <u>76,770</u> | <u>22,083</u> | <u>262,219</u> | <u>33,672</u> | <u>2,395,789</u> |
| - | 64,839 | 46,317 | - | 68,286 | 179,442 |
| - | - | - | 244,328 | - | 538,516 |
| 617,390 | - | - | - | - | 1,681,944 |
| - | 12,500 | - | - | - | 12,500 |
| <u>617,390</u> | <u>77,339</u> | <u>46,317</u> | <u>244,328</u> | <u>68,286</u> | <u>2,412,402</u> |
| <u>24,583</u> | <u>(569)</u> | <u>(24,234)</u> | <u>17,891</u> | <u>(34,614)</u> | <u>(16,613)</u> |
| - | - | - | - | 34,657 | 144,942 |
| (24,437) | - | - | - | - | (24,437) |
| <u>(24,437)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>34,657</u> | <u>120,505</u> |
| 146 | (569) | (24,234) | 17,891 | 43 | 103,892 |
| <u>(47,414)</u> | <u>1,009</u> | <u>78,202</u> | <u>135,656</u> | <u>10,507</u> | <u>1,057,570</u> |
| <u>(\$47,268)</u> | <u>\$440</u> | <u>\$53,968</u> | <u>\$153,547</u> | <u>\$10,550</u> | <u>\$1,161,462</u> |

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NONMAJOR DEBT SERVICE FUNDS

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

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

- General Debt Bonds
- Tax Increment Bonds
- Improvement Bonds

General Debt Bonds are repaid primarily from general property taxes.

Tax Increment Bonds are repaid primarily from tax increment collections.

Improvement Bonds are repaid primarily from special assessments.

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2022

| | 305 Refunding Bonds of 2017B | 306 GO Street Reconstruction & CIP 2018A | 307 GO & Abatement Bond 2019A | 310 GO Street Reconstruction Bonds of 2020A |
|---|---------------------------------|--|----------------------------------|---|
| Assets | | | | |
| Cash and investments | \$419,719 | \$337,342 | \$419,697 | \$206,064 |
| Special assessments: | | | | |
| Delinquent | 2,448 | 1 | - | - |
| Deferred | 26,492 | 111,371 | 98,554 | 113,109 |
| Special deferred | 130,038 | - | 637,845 | - |
| Total assets | \$578,697 | \$448,714 | \$1,156,096 | \$319,173 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$500 | \$ - | \$ - | \$ - |
| Total liabilities | 500 | 0 | 0 | 0 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 158,978 | 111,372 | 736,399 | 113,109 |
| Total deferred inflows of resources | 158,978 | 111,372 | 736,399 | 113,109 |
| Fund balance: | | | | |
| Restricted | 419,219 | 337,342 | 419,697 | 206,064 |
| Total fund balance | 419,219 | 337,342 | 419,697 | 206,064 |
| Total liabilities, deferred inflows of resources, and fund balance | \$578,697 | \$448,714 | \$1,156,096 | \$319,173 |

| 311 GO & Abatement Bond 2021B | 312 Taxable GO Temp Bond 2022A | 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 |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| \$333,883 | \$179,849 | \$577,582 | \$124,299 | \$241,547 | \$613,055 | \$12,484 |
| - | - | 1,979 | 32 | 327 | 2,884 | - |
| 14,521 | - | 86,853 | 18,384 | 84,988 | 100,239 | - |
| - | - | - | - | - | 5,152 | - |
| <u>\$348,404</u> | <u>\$179,849</u> | <u>\$666,414</u> | <u>\$142,715</u> | <u>\$326,862</u> | <u>\$721,330</u> | <u>\$12,484</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 14,521 | - | 98,032 | 18,416 | 85,314 | 108,275 | - |
| 14,521 | 0 | 98,032 | 18,416 | 85,314 | 108,275 | 0 |
| 333,883 | 179,849 | 568,382 | 124,299 | 241,548 | 613,055 | 12,484 |
| 333,883 | 179,849 | 568,382 | 124,299 | 241,548 | 613,055 | 12,484 |
| <u>\$348,404</u> | <u>\$179,849</u> | <u>\$666,414</u> | <u>\$142,715</u> | <u>\$326,862</u> | <u>\$721,330</u> | <u>\$12,484</u> |

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2022

| | 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 |
|---|---|-----------------------------------|-----------------------------------|---|--------------------------------|
| Assets | | | | | |
| Cash and investments | \$783,804 | \$356,225 | \$315,203 | \$393,879 | \$37,340 |
| Special assessments: | | | | | |
| Delinquent | 8,568 | 74 | 339 | 59 | - |
| Deferred | 127,753 | 58,203 | 109,615 | 120,296 | - |
| Special deferred | 1,175 | - | - | 3,292 | - |
| Total assets | \$921,300 | \$414,502 | \$425,157 | \$517,526 | \$37,340 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$21,759 |
| Total liabilities | 0 | 0 | 0 | 0 | 21,759 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | 137,496 | 58,276 | 109,954 | 123,646 | - |
| Total deferred inflows of resources | 137,496 | 58,276 | 109,954 | 123,646 | 0 |
| Fund balance: | | | | | |
| Restricted | 783,804 | 356,226 | 315,203 | 393,880 | 15,581 |
| Total fund balance | 783,804 | 356,226 | 315,203 | 393,880 | 15,581 |
| Total liabilities, deferred inflows of resources, and fund balance | \$921,300 | \$414,502 | \$425,157 | \$517,526 | \$37,340 |

| 370 TIF 1-8 Lakewood Heights | 371 TIF 1-6 Old Hospital Housing Bonds | 372 TIF 1-7 Block 37 Redevelopment | 373 TIF 1-6 Old Hospital Housing Paygo | 375 TIF 1-4 Oakwood Terrace | 376 TIF 1-10 River Hills | 377 TIF 1-11 Sawmill Inn Redevelopment | 378 - TIF 1-12 The Pillars | Totals Nonmajor Debt Service Funds |
|---------------------------------|--|---------------------------------------|--|--------------------------------|-----------------------------|--|-------------------------------|---------------------------------------|
| \$47,738 | \$98,640 | \$27,948 | \$38,903 | \$535,832 | \$61,451 | \$16,090 | \$15,209 | \$6,193,783 |
| - | - | - | - | - | - | - | - | 16,711 |
| - | - | - | - | - | - | - | - | 1,070,378 |
| - | - | - | - | - | - | - | - | 777,502 |
| <u>\$47,738</u> | <u>\$98,640</u> | <u>\$27,948</u> | <u>\$38,903</u> | <u>\$535,832</u> | <u>\$61,451</u> | <u>\$16,090</u> | <u>\$15,209</u> | <u>\$8,058,374</u> |
| \$15,948 | \$ - | \$7,768 | \$16,378 | \$ - | \$28,091 | \$ - | \$12,513 | \$102,957 |
| <u>15,948</u> | <u>0</u> | <u>7,768</u> | <u>16,378</u> | <u>0</u> | <u>28,091</u> | <u>0</u> | <u>12,513</u> | <u>102,957</u> |
| - | - | - | - | - | - | - | - | 1,873,788 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,873,788</u> |
| 31,790 | 98,640 | 20,180 | 22,525 | 535,832 | 33,360 | 16,090 | 2,696 | 6,081,629 |
| <u>31,790</u> | <u>98,640</u> | <u>20,180</u> | <u>22,525</u> | <u>535,832</u> | <u>33,360</u> | <u>16,090</u> | <u>2,696</u> | <u>6,081,629</u> |
| <u>\$47,738</u> | <u>\$98,640</u> | <u>\$27,948</u> | <u>\$38,903</u> | <u>\$535,832</u> | <u>\$61,451</u> | <u>\$16,090</u> | <u>\$15,209</u> | <u>\$8,058,374</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, 2022

| | 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 | \$172,891 | \$135,377 | \$124,775 | \$155,765 |
| Tax abatement | - | - | - | - |
| Tax increments | - | - | - | - |
| Intergovernmental: | | | | |
| State: | | | | |
| Supplemental aid | 8,143 | 6,376 | 5,877 | 7,337 |
| MSA | - | - | - | - |
| Federal BAB credit | - | - | - | - |
| Special assessments | 32,832 | 20,052 | 39,464 | 29,209 |
| Interest and investment income | 1,729 | 1,400 | 1,763 | 581 |
| Net increase (decrease) in the fair value of investments | - | - | - | - |
| Total revenues | <u>215,595</u> | <u>163,205</u> | <u>171,879</u> | <u>192,892</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Current: | | | | |
| Contractual services | 223 | 222 | 3,973 | 223 |
| Developer assistance | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 435,000 | 115,000 | 90,000 | 125,000 |
| Interest | 20,325 | 52,063 | 36,580 | 38,613 |
| Paying agent fees | 500 | 550 | 550 | 500 |
| Total expenditures | <u>456,048</u> | <u>167,835</u> | <u>131,103</u> | <u>164,336</u> |
| Revenues over (under) expenditures | <u>(240,453)</u> | <u>(4,630)</u> | <u>40,776</u> | <u>28,556</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balance | (240,453) | (4,630) | 40,776 | 28,556 |
| Fund balance (deficit) - January 1 | <u>659,672</u> | <u>341,972</u> | <u>378,921</u> | <u>177,508</u> |
| Fund balance (deficit) - December 31 | <u>\$419,219</u> | <u>\$337,342</u> | <u>\$419,697</u> | <u>\$206,064</u> |

| 311 GO & Abatement Bond 2021B | 312 Taxable GO Temp Bond 2022A | 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 |
|----------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| \$384,927 | \$ - | \$ - | \$254,585 | \$53,009 | \$29,218 | \$78,839 | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 18,131 | - | - | 11,991 | 2,497 | 1,376 | 3,713 | - |
| - | - | 76,538 | - | - | - | - | 317,728 |
| - | - | - | 21,234 | - | - | - | - |
| 1,339 | - | - | 42,938 | 5,251 | 23,723 | 34,436 | - |
| 698 | 38 | 76 | 2,216 | 501 | 1,145 | 3,111 | 236 |
| - | - | - | - | - | - | (26,340) | - |
| <u>405,095</u> | <u>38</u> | <u>76,614</u> | <u>332,964</u> | <u>61,258</u> | <u>55,462</u> | <u>93,759</u> | <u>317,964</u> |
| 223 | - | 1,000 | 224 | 224 | 222 | 1,223 | 1,224 |
| - | - | - | - | - | - | - | - |
| - | - | 75,000 | 340,000 | 60,000 | 70,000 | 150,000 | 280,000 |
| 153,075 | - | 1,538 | 64,335 | 9,700 | 11,963 | 31,148 | 37,728 |
| 500 | - | - | 400 | 400 | 525 | 525 | 525 |
| <u>153,798</u> | <u>0</u> | <u>77,538</u> | <u>404,959</u> | <u>70,324</u> | <u>82,710</u> | <u>182,896</u> | <u>319,477</u> |
| 251,297 | 38 | (924) | (71,995) | (9,066) | (27,248) | (89,137) | (1,513) |
| - | 179,811 | - | - | - | - | - | 11,458 |
| - | - | (11,458) | - | - | - | - | - |
| <u>0</u> | <u>179,811</u> | <u>(11,458)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>11,458</u> |
| 251,297 | 179,849 | (12,382) | (71,995) | (9,066) | (27,248) | (89,137) | 9,945 |
| 82,586 | - | 12,382 | 640,377 | 133,365 | 268,796 | 702,192 | 2,539 |
| <u>\$333,883</u> | <u>\$179,849</u> | <u>\$0</u> | <u>\$568,382</u> | <u>\$124,299</u> | <u>\$241,548</u> | <u>\$613,055</u> | <u>\$12,484</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, 2022

| | 365 G.O. Street Reconstruction Bonds of 2013B | 366 Improvement Bonds of 2014A | 367 Improvement Bonds of 2016A | 368 G.O. Improvement Reconstruction Bonds of 2017A | 369 1st Ave Condo Abatement | 370 TIF 1-8 Lakewood Heights |
|--|---|-----------------------------------|-----------------------------------|---|--------------------------------|---------------------------------|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| General property | \$89,975 | \$208,366 | \$144,348 | \$146,386 | \$ - | \$ - |
| Tax abatement | - | - | - | - | 33,305 | - |
| Tax increments | - | - | - | - | - | 35,440 |
| Intergovernmental: | | | | | | |
| State: | | | | | | |
| Supplemental aid | 4,238 | 9,814 | 6,799 | 6,895 | - | - |
| MSA | - | - | - | - | - | - |
| Federal BAB credit | - | - | - | - | - | - |
| Special assessments | 32,606 | 10,554 | 15,907 | 15,462 | - | - |
| Interest and investment income | 3,953 | 1,279 | 1,220 | 1,687 | 149 | 177 |
| Net increase (decrease) in the fair value of investments | (34,023) | - | 0 | - | - | - |
| Total revenues | 96,749 | 230,013 | 168,274 | 170,430 | 33,454 | 35,617 |
| Expenditures: | | | | | | |
| General government: | | | | | | |
| Current: | | | | | | |
| Contractual services | 223 | 222 | 224 | 2,723 | - | 189 |
| Developer assistance | - | - | - | - | 43,518 | 31,896 |
| Debt service: | | | | | | |
| Principal retirement | 260,000 | 200,000 | 135,000 | 125,000 | - | - |
| Interest | 71,688 | 37,330 | 32,510 | 55,050 | - | - |
| Paying agent fees | 550 | 550 | 500 | 500 | - | - |
| Total expenditures | 332,461 | 238,102 | 168,234 | 183,273 | 43,518 | 32,085 |
| Revenues over (under) expenditures | (235,712) | (8,089) | 40 | (12,843) | (10,064) | 3,532 |
| Other financing sources (uses): | | | | | | |
| Transfer in | 150,000 | - | - | - | - | - |
| Transfer out | - | - | - | - | - | - |
| Total other financing sources (uses) | 150,000 | 0 | 0 | 0 | 0 | 0 |
| Net change in fund balance | (85,712) | (8,089) | 40 | (12,843) | (10,064) | 3,532 |
| Fund balance (deficit) - January 1 | 869,516 | 364,315 | 315,163 | 406,723 | 25,645 | 28,258 |
| Fund balance (deficit) - December 31 | \$783,804 | \$356,226 | \$315,203 | \$393,880 | \$15,581 | \$31,790 |

| 371 TIF 1-6 Old Hospital Housing Bonds | 372 TIF 1-7 Block 37 Redevelopment | 373 TIF 1-6 Old Hospital Housing Paygo | 375 TIF 1-4 Oakwood Terrace | 376 TIF 1-10 River Hills | 377 TIF 1-11 Sawmill Inn Redevelopment | 378 - TIF 1-12 The Pillars | Totals Nonmajor Debt Service Funds |
|--|--|--|--------------------------------|-----------------------------|--|-------------------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$1,978,461 |
| - | - | - | - | - | - | - | 33,305 |
| 56,823 | 17,263 | 32,864 | 29,401 | 62,423 | 11,343 | 27,806 | 273,363 |
| - | - | 1,766 | - | - | - | - | 94,953 |
| - | - | - | - | - | - | - | 394,266 |
| - | - | - | - | - | - | - | 21,234 |
| - | - | - | - | - | - | - | 303,773 |
| 368 | 112 | 127 | 2,726 | 192 | 45 | 19 | 25,548 |
| - | - | - | - | - | - | - | (60,363) |
| <u>57,191</u> | <u>17,375</u> | <u>34,757</u> | <u>32,127</u> | <u>62,615</u> | <u>11,388</u> | <u>27,825</u> | <u>3,064,540</u> |
| 231 | 189 | - | 104 | 239 | 93 | 103 | 13,521 |
| - | 15,537 | 31,168 | - | 56,181 | - | 25,026 | 203,326 |
| 35,000 | - | - | - | - | - | - | 2,495,000 |
| 17,050 | - | - | - | - | - | - | 670,696 |
| - | - | - | - | - | - | - | 7,075 |
| <u>52,281</u> | <u>15,726</u> | <u>31,168</u> | <u>104</u> | <u>56,420</u> | <u>93</u> | <u>25,129</u> | <u>3,389,618</u> |
| 4,910 | 1,649 | 3,589 | 32,023 | 6,195 | 11,295 | 2,696 | (325,078) |
| - | - | - | - | - | - | - | 341,269 |
| - | - | - | - | - | - | - | (11,458) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>329,811</u> |
| 4,910 | 1,649 | 3,589 | 32,023 | 6,195 | 11,295 | 2,696 | 4,733 |
| 93,730 | 18,531 | 18,936 | 503,809 | 27,165 | 4,795 | - | 6,076,896 |
| <u>\$98,640</u> | <u>\$20,180</u> | <u>\$22,525</u> | <u>\$535,832</u> | <u>\$33,360</u> | <u>\$16,090</u> | <u>\$2,696</u> | <u>\$6,081,629</u> |

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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.

GR/Cohasset Industrial Park – accounts for the capital activity of the Grand Rapids/Cohasset Industrial Park.

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 Project 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.

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2022

| | 401 General Capital Improvement Projects | 402 Municipal State Aid | 403 GR/Cohasset Industrial Park |
|---|---|-------------------------|------------------------------------|
| Assets | | | |
| Cash and investments | \$178,577 | \$773,086 | \$ - |
| Due from other governmental units | 190,064 | - | 210,000 |
| Due from component units | - | - | - |
| Accounts receivable | - | - | - |
| Special assessments receivable: | | | |
| Delinquent | - | - | - |
| Deferred | - | - | - |
| Special deferred | - | - | - |
| Total assets | \$368,641 | \$773,086 | \$210,000 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | \$167,796 | \$ - | \$8,558 |
| Due to other governmental units | - | 272,691 | - |
| Due to component units | - | - | - |
| Contracts payable | - | 12,129 | - |
| Due to other funds | - | - | 363,204 |
| Unearned revenue | 27,500 | - | - |
| Total liabilities | 195,296 | 284,820 | 371,762 |
| Deferred inflows of resources: | | | |
| Unavailable revenue | - | - | - |
| Total deferred inflows of resources | 0 | 0 | 0 |
| Fund balance (deficit): | | | |
| Restricted | 52,171 | - | - |
| Assigned | 121,174 | 488,266 | - |
| Unassigned | - | - | (161,762) |
| Total fund balance (deficit) | 173,345 | 488,266 | (161,762) |
| Total liabilities, deferred inflows of resources, and fund balance | \$368,641 | \$773,086 | \$210,000 |

| 404 Park Acquisition and Development | 413 Airport Capital Fund | 418 GR Arts and Culture Capital Project | 482 2021 Infrastructure Bonds | 501 Permanent Improvement Revolving | Totals Nonmajor Capital Project Funds |
|--------------------------------------|--------------------------|---|-------------------------------|-------------------------------------|---------------------------------------|
| \$58,854 | \$ - | \$21,104 | \$748,206 | \$137,795 | \$1,917,622 |
| - | 386,383 | - | - | - | 786,447 |
| - | - | - | - | 42,084 | 42,084 |
| 9,000 | - | - | - | - | 9,000 |
| - | - | - | - | 12,573 | 12,573 |
| - | - | - | - | 70,208 | 70,208 |
| - | - | - | - | 310,110 | 310,110 |
| <u>\$67,854</u> | <u>\$386,383</u> | <u>\$21,104</u> | <u>\$748,206</u> | <u>\$572,770</u> | <u>\$3,148,044</u> |
| \$ - | \$78,045 | \$ - | \$6,562 | \$ - | \$260,961 |
| - | - | - | - | - | 272,691 |
| 665 | - | - | - | - | 665 |
| - | - | - | - | - | 12,129 |
| - | 179,347 | - | - | - | 542,551 |
| - | - | - | - | - | 27,500 |
| <u>665</u> | <u>257,392</u> | <u>0</u> | <u>6,562</u> | <u>0</u> | <u>1,116,497</u> |
| - | - | - | - | 392,891 | 392,891 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>392,891</u> | <u>392,891</u> |
| - | - | - | - | - | 52,171 |
| 67,189 | 128,991 | 21,104 | 741,644 | 179,879 | 1,748,247 |
| - | - | - | - | - | (161,762) |
| <u>67,189</u> | <u>128,991</u> | <u>21,104</u> | <u>741,644</u> | <u>179,879</u> | <u>1,638,656</u> |
| <u>\$67,854</u> | <u>\$386,383</u> | <u>\$21,104</u> | <u>\$748,206</u> | <u>\$572,770</u> | <u>\$3,148,044</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, 2022

| | 401 General Capital Improvement Projects | 402 Municipal State Aid | 403 GR/Cohasset Industrial Park | 404 Park Acquisition and Development |
|--|---|-------------------------|------------------------------------|---|
| Revenues: | | | | |
| Intergovernmental: | | | | |
| State: | | | | |
| MSA | \$ - | \$590,971 | \$ - | \$ - |
| Other | 556,805 | - | - | - |
| Other intergovernmental | - | - | 210,000 | - |
| Special assessments | - | - | - | - |
| Interest and investment income | 1,877 | 2,450 | - | 438 |
| Net increase (decrease) in the fair value of investments | - | - | - | - |
| Contributions and donations | 239,000 | - | - | - |
| Other | - | 264,310 | - | - |
| Total revenues | <u>797,682</u> | <u>857,731</u> | <u>210,000</u> | <u>438</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 908,176 | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | 6,000 |
| Capital outlay/construction | 21,669 | 816,194 | 242,171 | 21,902 |
| Total expenditures | <u>929,845</u> | <u>816,194</u> | <u>242,171</u> | <u>27,902</u> |
| Revenues over (under) expenditures | <u>(132,163)</u> | <u>41,537</u> | <u>(32,171)</u> | <u>(27,464)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 25,372 | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>25,372</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balance | (106,791) | 41,537 | (32,171) | (27,464) |
| Fund balance (deficit) - January 1 | <u>280,136</u> | <u>446,729</u> | <u>(129,591)</u> | <u>94,653</u> |
| Fund balance (deficit) - December 31 | <u>\$173,345</u> | <u>\$488,266</u> | <u>(\$161,762)</u> | <u>\$67,189</u> |

| 413 Airport Capital Fund | 418 GR Arts and Culture Capital Project | 429 IRA Civic Center Projects | 481 2020 Infrastructure Bonds | 482 2021 Infrastructure Bonds | 501 Permanent Improvement Revolving | Totals Nonmajor Capital Project Funds |
|--------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------------|---------------------------------------|
| \$14,202 | \$ - | \$ - | \$ - | \$ - | \$ - | \$605,173 |
| 221,226 | - | - | - | - | - | 778,031 |
| - | - | - | - | - | - | 210,000 |
| - | - | - | - | - | 14,232 | 14,232 |
| - | 147 | - | - | - | 2,792 | 7,704 |
| - | - | - | - | - | (232,151) | (232,151) |
| 5,208 | - | 387 | - | - | - | 244,595 |
| - | - | - | - | 147,102 | - | 411,412 |
| <u>240,636</u> | <u>147</u> | <u>387</u> | <u>0</u> | <u>147,102</u> | <u>(215,127)</u> | <u>2,038,996</u> |
| - | - | - | - | - | 39,661 | 947,837 |
| 4,329 | - | - | - | - | 121,025 | 125,354 |
| - | - | - | - | - | - | 6,000 |
| <u>209,476</u> | <u>79,197</u> | <u>-</u> | <u>-</u> | <u>254,705</u> | <u>92,520</u> | <u>1,737,834</u> |
| <u>213,805</u> | <u>79,197</u> | <u>0</u> | <u>0</u> | <u>254,705</u> | <u>253,206</u> | <u>2,817,025</u> |
| <u>26,831</u> | <u>(79,050)</u> | <u>387</u> | <u>0</u> | <u>(107,603)</u> | <u>(468,333)</u> | <u>(778,029)</u> |
| - | 28,383 | 24,437 | - | - | 104,334 | 182,526 |
| - | - | - | (104,334) | - | (50,052) | (154,386) |
| <u>0</u> | <u>28,383</u> | <u>24,437</u> | <u>(104,334)</u> | <u>0</u> | <u>54,282</u> | <u>28,140</u> |
| <u>26,831</u> | <u>(50,667)</u> | <u>24,824</u> | <u>(104,334)</u> | <u>(107,603)</u> | <u>(414,051)</u> | <u>(749,889)</u> |
| <u>102,160</u> | <u>71,771</u> | <u>(24,824)</u> | <u>104,334</u> | <u>849,247</u> | <u>593,930</u> | <u>2,388,545</u> |
| <u>\$128,991</u> | <u>\$21,104</u> | <u>\$0</u> | <u>\$0</u> | <u>\$741,644</u> | <u>\$179,879</u> | <u>\$1,638,656</u> |

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

| | |
|--|--------------------|
| Prior year ending fund balance reported | \$1,437,138 |
| Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year: | |
| 484 2022 Infrastructure Bonds | - |
| Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year: | |
| 413 Airport Capital Fund | 102,160 |
| 482 2021 Infrastructure Bonds | 849,247 |
| Current year beginning fund balance | <u>\$2,388,545</u> |

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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, 2022

Statement 27

| | Budgeted Amounts | | Actual Amounts |
|--|------------------|----------------|-------------------------|
| | Original | Final | |
| Revenues: | | | |
| General property taxes | \$742,352 | \$742,352 | \$725,383 |
| Intergovernmental: | | | |
| State: | | | |
| Supplemental aid | 16,979 | 16,979 | 33,956 |
| Other | - | - | 707 |
| Charges for services: | | | |
| Townships | 128,000 | 128,000 | 151,428 |
| Other | 30,081 | 30,081 | 44,548 |
| Fines and forfeits | - | - | 13 |
| Interest and investment income | 4,300 | 4,300 | (1,229) |
| Net increase (decrease) in the fair value of investments | - | - | (23,611) |
| Contributions and donations | 1,500 | 1,500 | 47,566 |
| Total revenues | <u>923,212</u> | <u>923,212</u> | <u>978,761</u> |
| Expenditures: | | | |
| Culture and recreation: | | | |
| Current: | | | |
| Personnel services | 667,189 | 667,189 | 654,199 |
| Materials and supplies | 92,500 | 92,500 | 106,259 |
| Other services and charges | 163,523 | 163,523 | 173,182 |
| Total expenditures | <u>923,212</u> | <u>923,212</u> | <u>933,640</u> |
| Revenues over (under) expenditures | <u>\$0</u> | <u>\$0</u> | 45,121 |
| Fund balance - January 1 | | | <u>656,528</u> |
| Fund balance - December 31 | | | <u><u>\$701,649</u></u> |

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 225 CENTRAL SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

Statement 28

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|-----------------|------------------------|
| | Original | Final | |
| Revenues: | | | |
| Charges for services: | | | |
| Rent | \$60,100 | \$60,100 | \$62,401 |
| Interest and investment income | - | - | 274 |
| Other | - | - | 126 |
| Total revenues | <u>60,100</u> | <u>60,100</u> | <u>62,801</u> |
| Expenditures: | | | |
| Culture and recreation: | | | |
| Current: | | | |
| Materials and supplies | 1,650 | 1,650 | 1,775 |
| Other services and charges | 109,500 | 109,500 | 129,139 |
| Capital outlay | 5,400 | 5,400 | - |
| Total expenditures | <u>116,550</u> | <u>116,550</u> | <u>130,914</u> |
| Revenues over (under) expenditures | <u>(56,450)</u> | <u>(56,450)</u> | <u>(68,113)</u> |
| Other financing sources: | | | |
| Transfer in | 56,450 | 56,450 | 90,285 |
| Total other financing sources (uses) | <u>56,450</u> | <u>56,450</u> | <u>90,285</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 22,172 |
| Fund balance - January 1 | | | <u>72,459</u> |
| Fund balance - December 31 | | | <u><u>\$94,631</u></u> |

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 226 AIRPORT OPERATIONS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

Statement 29

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|-----------------|-------------------------|
| | Original | Final | |
| Revenues: | | | |
| Charges for services: | | | |
| Rent | \$122,400 | \$122,400 | \$119,840 |
| Other | 20,450 | 20,450 | 13,587 |
| Intergovernmental: | | | |
| State operations reimbursement | 66,488 | 66,488 | 132,462 |
| Itasca County | 20,000 | 20,000 | 20,000 |
| Federal | - | - | 27,472 |
| Interest and investment income | 500 | 500 | 4,149 |
| Total revenues | <u>229,838</u> | <u>229,838</u> | <u>317,510</u> |
| Expenditures: | | | |
| Public works: | | | |
| Current: | | | |
| Personnel services | 106,605 | 106,605 | 99,533 |
| Materials and supplies | 39,375 | 39,375 | 46,597 |
| Other services and charges | 103,858 | 103,858 | 148,058 |
| Total expenditures | <u>249,838</u> | <u>249,838</u> | <u>294,188</u> |
| Revenues over (under) expenditures | <u>(20,000)</u> | <u>(20,000)</u> | <u>23,322</u> |
| Other financing sources: | | | |
| Transfer in | <u>20,000</u> | <u>20,000</u> | <u>20,000</u> |
| Total other financing sources (uses) | <u>20,000</u> | <u>20,000</u> | <u>20,000</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 43,322 |
| Fund balance - January 1 | | | <u>150,623</u> |
| Fund balance - December 31 | | | <u><u>\$193,945</u></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, 2022

Statement 30

| | Budgeted Amounts | | Actual Amounts |
|--------------------------------------|------------------|-----------------|--------------------------|
| | Original | Final | |
| Revenues: | | | |
| Charges for services: | | | |
| Rent | \$565,000 | \$565,000 | \$540,271 |
| Advertising | 71,000 | 71,000 | 72,467 |
| Other | 4,000 | 4,000 | 8,692 |
| Interest and investment income | - | - | 15,043 |
| Contributions and donations | - | - | 5,500 |
| Total revenues | <u>640,000</u> | <u>640,000</u> | <u>641,973</u> |
| Expenditures: | | | |
| Culture and recreation: | | | |
| Current: | | | |
| Personnel services | 264,244 | 264,244 | 231,767 |
| Materials and supplies | 13,100 | 13,100 | 26,863 |
| Other services and charges | 265,333 | 265,333 | 358,760 |
| Total expenditures | <u>542,677</u> | <u>542,677</u> | <u>617,390</u> |
| Revenues over (under) expenditures | <u>97,323</u> | <u>97,323</u> | <u>24,583</u> |
| Other financing sources (uses): | | | |
| Transfers out | - | - | (24,437) |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>(24,437)</u> |
| Net change in fund balance | <u>\$97,323</u> | <u>\$97,323</u> | 146 |
| Fund balance (deficit) - January 1 | | | <u>(47,414)</u> |
| Fund balance (deficit) - December 31 | | | <u><u>(\$47,268)</u></u> |

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 231 HAZ-MAT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

Statement 31

| | Budgeted Amounts | | Actual Amounts |
|------------------------------------|------------------|---------------|---------------------|
| | Original | Final | |
| Revenues: | | | |
| Intergovernmental: | | | |
| State: | | | |
| Haz-Mat reimbursement | \$60,000 | \$60,000 | \$76,770 |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>76,770</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Current: | | | |
| Personnel services | 29,390 | 29,390 | 34,590 |
| Materials and supplies | 11,610 | 11,610 | 11,499 |
| Other services and charges | 19,000 | 19,000 | 18,750 |
| Capital outlay | - | - | 12,500 |
| Total expenditures | <u>60,000</u> | <u>60,000</u> | <u>77,339</u> |
| Revenues over (under) expenditures | <u>\$0</u> | <u>\$0</u> | (569) |
| Fund balance - January 1 | | | <u>1,009</u> |
| Fund balance - December 31 | | | <u><u>\$440</u></u> |

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, 2022

Statement 32

| | Budgeted Amounts | | Actual Amounts |
|------------------------------------|------------------|---------------|------------------------|
| | Original | Final | |
| Revenues: | | | |
| Intergovernmental | \$ - | \$ - | \$8,082 |
| Fines and forfeits | 8,000 | 8,000 | 13,697 |
| Interest and investment income | - | - | 304 |
| Miscellaneous | 17,500 | 17,500 | - |
| Total revenues | <u>25,500</u> | <u>25,500</u> | <u>22,083</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Current: | | | |
| Materials and supplies | 3,500 | 3,500 | 46,317 |
| Other services and charges | 2,000 | 2,000 | - |
| Capital outlay | 20,000 | 20,000 | - |
| Total expenditures | <u>25,500</u> | <u>25,500</u> | <u>46,317</u> |
| Revenues over (under) expenditures | <u>\$0</u> | <u>\$0</u> | (24,234) |
| Fund balance - January 1 | | | <u>78,202</u> |
| Fund balance - December 31 | | | <u><u>\$53,968</u></u> |

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, 2022

Statement 33

| | Budgeted Amounts | | Actual Amounts |
|------------------------------------|------------------|----------------|-------------------------|
| | Original | Final | |
| Revenues: | | | |
| General property taxes | \$213,549 | \$213,549 | \$208,380 |
| Intergovernmental: | | | |
| State: | | | |
| Supplemental aid | 4,878 | 4,878 | 9,757 |
| Charges for services: | | | |
| Cemetery | 35,000 | 35,000 | 41,825 |
| Interest and investment income | 500 | 500 | 587 |
| Other | 1,000 | 1,000 | 1,670 |
| Total revenues | <u>254,927</u> | <u>254,927</u> | <u>262,219</u> |
| Expenditures: | | | |
| Public works: | | | |
| Current: | | | |
| Personnel services | 203,937 | 203,937 | 209,482 |
| Materials and supplies | 13,600 | 13,600 | 7,436 |
| Other services and charges | 37,390 | 37,390 | 27,410 |
| Total expenditures | <u>254,927</u> | <u>254,927</u> | <u>244,328</u> |
| Revenues over (under) expenditures | <u>\$0</u> | <u>\$0</u> | 17,891 |
| Fund balance - January 1 | | | <u>135,656</u> |
| Fund balance - December 31 | | | <u><u>\$153,547</u></u> |

CITY OF GRAND RAPIDS, MINNESOTA
SPECIAL REVENUE FUND - 235 DOMESTIC ANIMAL CONTROL FACILITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

Statement 34

| | Budgeted Amounts | | Actual Amounts |
|------------------------------------|------------------|-----------------|------------------------|
| | Original | Final | |
| Revenues: | | | |
| Intergovernmental | \$3,000 | \$3,000 | \$3,000 |
| Fines and forfeits | 36,500 | 36,500 | 30,672 |
| Total revenues | <u>39,500</u> | <u>39,500</u> | <u>33,672</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Current: | | | |
| Personnel services | 53,064 | 53,064 | 50,228 |
| Materials and supplies | 3,500 | 3,500 | 4,573 |
| Other services and charges | 18,525 | 18,525 | 13,485 |
| Total expenditures | <u>75,089</u> | <u>75,089</u> | <u>68,286</u> |
| Revenues over (under) expenditures | <u>(35,589)</u> | <u>(35,589)</u> | <u>(34,614)</u> |
| Other financing sources: | | | |
| Transfers in | <u>35,589</u> | <u>35,589</u> | <u>34,657</u> |
| Net change in fund balance | <u>\$0</u> | <u>\$0</u> | 43 |
| Fund balance - January 1 | | | <u>10,507</u> |
| Fund balance - December 31 | | | <u><u>\$10,550</u></u> |

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CUSTODIAL FUNDS

Custodial Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. During 2022, the City of Grand Rapids had the following Custodial Funds:

Lodging Tax - accounts for tax pass-through of lodging tax collections.

Cable TV Commission - accounts for the pass-through of franchise fees to the Cable TV Commission.

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
 December 31, 2022

Statement 35

| | <u>872 Lodging Tax</u> | <u>877 Cable TV Commision</u> | <u>Totals</u> |
|----------------------|------------------------|-----------------------------------|---------------|
| Assets: | | | |
| Cash and investments | \$16,649 | \$72,452 | \$89,101 |
| Receivables: | | | |
| Accounts | - | - | - |
| Total assets | <u>16,649</u> | <u>72,452</u> | <u>89,101</u> |
| Liabilities: | | | |
| Accounts payable | <u>16,649</u> | <u>72,452</u> | <u>89,101</u> |
| Total liabilities | <u>16,649</u> | <u>72,452</u> | <u>89,101</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
For The Year Ended December 31, 2022

Statement 36

| | <u>872 Lodging Tax</u> | <u>877 Cable TV Commision</u> | <u>Totals</u> |
|---|------------------------|-----------------------------------|----------------|
| Additions: | | | |
| Lodging tax collections | \$384,346 | \$ - | \$384,346 |
| Cable franchise fee collections | - | 259,631 | 259,631 |
| Total additions | <u>384,346</u> | <u>259,631</u> | <u>643,977</u> |
| Deductions: | | | |
| Payments to other entities | 364,979 | 252,016 | 616,995 |
| Administrative fees | 19,367 | 7,615 | 26,982 |
| Total deductions | <u>384,346</u> | <u>259,631</u> | <u>643,977</u> |
| Net increase (decrease) in fiduciary net position | - | - | - |
| Net position - beginning | - | - | - |
| Net position - ending | <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, 2022

Statement 37

| Assets | General | Capital Project | Totals |
|---|----------------|--------------------|--------------------|
| Cash and investments | \$4,296 | \$1,181,334 | \$1,185,630 |
| Due from other governmental units | - | 215 | 215 |
| Accounts receivable | - | 42,925 | 42,925 |
| Inventory - land held for resale | - | 2,831,472 | 2,831,472 |
| Notes receivable | - | 786,710 | 786,710 |
| Total assets | \$4,296 | \$4,842,656 | \$4,846,952 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$48,522 | \$48,522 |
| Due to other governmental units | - | 21,147 | 21,147 |
| Due to primary government | - | 42,084 | 42,084 |
| Deposits payable | - | 1,614 | 1,614 |
| Total liabilities | 0 | 113,367 | 113,367 |
| Deferred inflows of resources: | | | |
| Unavailable revenue | - | 3,638,837 | 3,638,837 |
| Total deferred inflows of resources | 0 | 3,638,837 | 3,638,837 |
| Fund balance: | | | |
| Assigned | 4,296 | 1,090,452 | 1,094,748 |
| Total fund balance | 4,296 | 1,090,452 | 1,094,748 |
| Total liabilities, deferred inflows of resources, and fund balance | \$4,296 | \$4,842,656 | \$4,846,952 |

CITY OF GRAND RAPIDS, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Statement 38

ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT

For The Year Ended December 31, 2022

| | General | Capital Project | Totals |
|--|-----------------|--------------------|--------------------|
| Revenues: | | | |
| General property taxes | \$ - | \$57,087 | \$57,087 |
| Intergovernmental | - | 2,689 | 2,689 |
| Charges for services | - | 4,037 | 4,037 |
| Interest and investment income | 103 | 6,554 | 6,657 |
| Net increase (decrease) in the fair value of investments | - | (51,646) | (51,646) |
| Contributions | - | 53,400 | 53,400 |
| Miscellaneous: | | | |
| Loan repayment | - | 263,204 | 263,204 |
| Other | - | 38,957 | 38,957 |
| Total revenues | <u>103</u> | <u>374,282</u> | <u>374,385</u> |
| Expenditures: | | | |
| Economic development: | | | |
| Current: | | | |
| Materials and supplies | 148 | - | 148 |
| Other services and charges | 13,755 | 201,691 | 215,446 |
| Grants issued | - | - | - |
| Loan disbursement | - | 12,265 | 12,265 |
| Capital outlay | - | 30,748 | 30,748 |
| Debt service: | | | |
| Principal | - | 481,671 | 481,671 |
| Interest | - | 2,560 | 2,560 |
| Total expenditures | <u>13,903</u> | <u>728,935</u> | <u>742,838</u> |
| Revenues over (under) expenditures | <u>(13,800)</u> | <u>(354,653)</u> | <u>(368,453)</u> |
| Other financing sources: | | | |
| Sale of land held for resale | - | 624,000 | 624,000 |
| Total other financial sources | <u>-</u> | <u>624,000</u> | <u>624,000</u> |
| Net change in fund balance | (13,800) | 269,347 | 255,547 |
| Fund balance - January 1 | <u>18,096</u> | <u>821,105</u> | <u>839,201</u> |
| Fund balance - December 31 | <u>\$4,296</u> | <u>\$1,090,452</u> | <u>\$1,094,748</u> |

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF GRAND RAPIDS, MINNESOTA
NET POSITION BY COMPONENT
 Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Governmental activities: | | | | |
| Net investment in capital assets | \$31,861,617 | \$33,830,578 | \$33,884,548 | \$36,971,014 |
| Restricted | 12,808,310 | 10,281,228 | 9,803,311 | 10,100,529 |
| Unrestricted | 7,617,727 | 4,784,327 | 4,927,309 | 2,940,736 |
| Total governmental activities net position | <u>\$52,287,654</u> | <u>\$48,896,133</u> | <u>\$48,615,168</u> | <u>\$50,012,279</u> |
| Business type activities: | | | | |
| Net investment in capital assets | \$2,864,018 | \$2,894,190 | \$2,841,005 | \$2,797,345 |
| Restricted | - | - | - | - |
| Unrestricted | 272,420 | 424,469 | 494,673 | 337,782 |
| Total business-type activities net position | <u>\$3,136,438</u> | <u>\$3,318,659</u> | <u>\$3,335,678</u> | <u>\$3,135,127</u> |
| Primary government: | | | | |
| Net investment in capital assets | \$34,725,635 | \$36,724,768 | \$36,725,553 | \$39,768,359 |
| Restricted | 12,808,310 | 10,281,228 | 9,803,311 | 10,100,529 |
| Unrestricted | 7,890,147 | 5,208,796 | 5,421,982 | 3,278,518 |
| Total primary government net position | <u>\$55,424,092</u> | <u>\$52,214,792</u> | <u>\$51,950,846</u> | <u>\$53,147,406</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 | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$37,512,555 | \$40,214,116 | \$42,846,042 | \$45,277,093 | \$48,653,953 | \$47,899,453 |
| 13,147,731 | 10,060,607 | 10,896,992 | 10,530,098 | 9,519,302 | 9,316,590 |
| (1,186,433) | 814,352 | 1,270,800 | 2,115,273 | 3,420,365 | 4,559,487 |
| <u>\$49,473,853</u> | <u>\$51,089,075</u> | <u>\$55,013,834</u> | <u>\$57,922,464</u> | <u>\$61,593,620</u> | <u>\$61,775,530</u> |
| \$2,904,137 | \$2,954,613 | \$2,888,261 | \$2,708,980 | \$2,756,809 | \$2,790,676 |
| - | - | - | - | - | - |
| 14,513 | (60,547) | (74,841) | 214,488 | 624,115 | 772,086 |
| <u>\$2,918,650</u> | <u>\$2,894,066</u> | <u>\$2,813,420</u> | <u>\$2,923,468</u> | <u>\$3,380,924</u> | <u>\$3,562,762</u> |
| \$40,416,692 | \$43,168,729 | \$45,734,303 | \$47,986,073 | \$51,410,762 | \$50,690,129 |
| 13,147,731 | 10,060,607 | 10,896,992 | 10,530,098 | 9,519,302 | 9,316,590 |
| (1,171,920) | 753,805 | 1,195,959 | 2,329,761 | 4,044,480 | 5,331,573 |
| <u>\$52,392,503</u> | <u>\$53,983,141</u> | <u>\$57,827,254</u> | <u>\$60,845,932</u> | <u>\$64,974,544</u> | <u>\$65,338,292</u> |

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

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$2,420,199 | \$3,701,667 | \$2,993,026 | \$3,649,895 |
| Public safety | 3,117,628 | 3,382,829 | 3,674,182 | 4,208,454 |
| Public works | 5,601,025 | 5,417,245 | 5,239,892 | 5,646,605 |
| Culture and recreation | 2,000,748 | 2,054,143 | 2,028,067 | 2,367,449 |
| Interest and fees on long-term debt | 1,309,223 | 834,833 | 740,526 | 731,702 |
| Total governmental activities expenses | <u>14,448,823</u> | <u>15,390,717</u> | <u>14,675,693</u> | <u>16,604,105</u> |
| Business-type activities: | | | | |
| Golf course | 554,933 | 554,859 | 598,114 | 651,127 |
| Storm water utility | 434,932 | 425,389 | 440,557 | 688,176 |
| Total business-type activities expenses | <u>989,865</u> | <u>980,248</u> | <u>1,038,671</u> | <u>1,339,303</u> |
| Total primary government expenses | <u>\$15,438,688</u> | <u>\$16,370,965</u> | <u>\$15,714,364</u> | <u>\$17,943,408</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$590,194 | \$563,808 | \$565,218 | \$458,276 |
| Public safety | 478,032 | 527,001 | 561,365 | 580,225 |
| Public works | 716,553 | 424,349 | 323,177 | 326,167 |
| Culture and recreation: | | | | |
| Ice rent | 451,836 | 474,909 | 484,801 | 496,778 |
| Other activities | 500,351 | 526,763 | 532,720 | 551,263 |
| Operating grants and contributions | 1,358,914 | 1,980,477 | 1,615,576 | 2,262,521 |
| Capital grants and contributions | 3,439,782 | 1,757,480 | 806,243 | 3,523,916 |
| Total governmental activities program revenues | <u>7,535,662</u> | <u>6,254,787</u> | <u>4,889,100</u> | <u>8,199,146</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Golf course | 524,670 | 555,588 | 589,499 | 569,276 |
| Storm water utility | 551,049 | 553,074 | 563,011 | 567,357 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | - | 46,388 | - | - |
| Total business-type activities program revenues | <u>1,075,719</u> | <u>1,155,050</u> | <u>1,152,510</u> | <u>1,136,633</u> |
| Total primary government program revenues | <u>\$8,611,381</u> | <u>\$7,409,837</u> | <u>\$6,041,610</u> | <u>\$9,335,779</u> |
| Net (expense) revenue: | | | | |
| Governmental activities | (\$6,913,161) | (\$9,135,930) | (\$9,786,593) | (\$8,404,959) |
| Business-type activities | 85,854 | 174,802 | 113,839 | (202,670) |
| Total primary government net (expense) revenue | <u>(6,827,307)</u> | <u>(8,961,128)</u> | <u>(9,672,754)</u> | <u>(8,607,629)</u> |

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$3,096,685 | \$3,027,254 | \$4,330,097 | \$4,566,308 | \$3,727,831 | \$4,615,082 |
| 3,807,777 | 3,551,574 | 3,872,939 | 3,811,071 | 3,907,045 | 4,678,868 |
| 6,368,065 | 6,569,274 | 8,735,821 | 7,451,179 | 6,633,805 | 7,788,447 |
| 2,327,649 | 2,387,392 | 2,215,769 | 1,825,496 | 1,954,824 | 2,081,855 |
| 871,133 | 662,757 | 654,344 | 625,932 | 715,158 | 703,269 |
| <u>16,471,309</u> | <u>16,198,251</u> | <u>19,808,970</u> | <u>18,279,986</u> | <u>16,938,663</u> | <u>19,867,521</u> |
| 683,231 | 628,752 | 630,928 | 636,642 | 712,099 | 858,647 |
| 701,325 | 755,772 | 743,983 | 657,178 | 613,529 | 654,748 |
| <u>1,384,556</u> | <u>1,384,524</u> | <u>1,374,911</u> | <u>1,293,820</u> | <u>1,325,628</u> | <u>1,513,395</u> |
| <u>\$17,855,865</u> | <u>\$17,582,775</u> | <u>\$21,183,881</u> | <u>\$19,573,806</u> | <u>\$18,264,291</u> | <u>\$21,380,916</u> |
| \$559,770 | \$425,485 | \$1,126,227 | \$649,606 | \$591,979 | \$759,284 |
| 587,714 | 614,953 | 717,861 | 781,224 | 879,364 | 881,549 |
| 1,048,588 | 897,927 | 488,316 | 1,387,390 | 505,483 | 388,751 |
| 509,811 | 526,840 | 562,840 | 421,120 | 588,587 | 540,271 |
| 531,064 | 463,216 | 450,658 | 383,881 | 305,231 | 383,810 |
| 1,179,042 | 1,878,743 | 2,536,708 | 3,169,921 | 2,153,675 | 3,248,624 |
| 1,410,953 | 2,730,703 | 7,022,082 | 1,088,517 | 4,403,281 | 3,221,907 |
| <u>5,826,942</u> | <u>7,537,867</u> | <u>12,904,692</u> | <u>7,881,659</u> | <u>9,427,600</u> | <u>9,424,196</u> |
| 567,053 | 582,728 | 597,184 | 653,736 | 781,728 | 877,502 |
| 592,947 | 718,751 | 696,628 | 746,488 | 875,888 | 858,646 |
| - | - | - | - | - | - |
| - | - | - | - | 115,400 | - |
| <u>1,160,000</u> | <u>1,301,479</u> | <u>1,293,812</u> | <u>1,400,224</u> | <u>1,773,016</u> | <u>1,736,148</u> |
| <u>\$6,986,942</u> | <u>\$8,839,346</u> | <u>\$14,198,504</u> | <u>\$9,281,883</u> | <u>\$11,200,616</u> | <u>\$11,160,344</u> |
| (\$10,644,367) | (\$8,660,384) | (\$6,904,278) | (\$10,398,327) | (\$7,511,063) | (\$10,443,325) |
| <u>(224,556)</u> | <u>(83,045)</u> | <u>(81,099)</u> | <u>106,404</u> | <u>447,388</u> | <u>222,753</u> |
| <u>(10,868,923)</u> | <u>(8,743,429)</u> | <u>(6,985,377)</u> | <u>(10,291,923)</u> | <u>(7,063,675)</u> | <u>(10,220,572)</u> |

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

| | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2014 | 2015 | 2016 |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Taxes | \$5,896,074 | \$6,022,589 | \$6,640,739 | \$6,945,795 |
| Payments in lieu of taxes (PILOT) | 901,179 | 903,494 | 902,766 | 903,478 |
| Unrestricted grants and contributions | 1,442,510 | 1,740,285 | 1,742,132 | 1,776,992 |
| Investment earnings (loss) | 80,298 | 122,519 | 109,041 | 107,331 |
| Gain on sale of capital assets | 67,523 | 6,900 | - | 14,196 |
| Insurance recoveries and other | 26,696 | 20,924 | 7,450 | 50,778 |
| Special item - reimbursement for land swap costs | - | - | - | - |
| Transfers | 53,215 | 3,500 | 103,500 | 3,500 |
| Total governmental activities | <u>8,467,495</u> | <u>8,820,211</u> | <u>9,505,628</u> | <u>9,802,070</u> |
| Business-type activities: | | | | |
| Unrestricted grants and contributions | - | - | - | - |
| Investment earnings (loss) | 3,385 | 6,919 | 6,349 | 5,619 |
| Gain on sale of capital assets | 5,266 | - | 331 | - |
| Insurance recoveries | - | 4,000 | - | - |
| Transfers | (53,215) | (3,500) | (103,500) | (3,500) |
| Total business-type activities | <u>(44,564)</u> | <u>7,419</u> | <u>(96,820)</u> | <u>2,119</u> |
| Total primary government | <u>\$8,422,931</u> | <u>\$8,827,630</u> | <u>\$9,408,808</u> | <u>\$9,804,189</u> |
| Change in net position: | | | | |
| Government activities | \$961,972 | \$1,907,050 | \$369,698 | \$15,477 |
| Business-type activities | 112,607 | 93,273 | 77,982 | 115,958 |
| Total primary government | <u>\$1,074,579</u> | <u>\$2,000,323</u> | <u>\$447,680</u> | <u>\$131,435</u> |

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

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$7,239,603 | \$7,354,409 | \$7,629,869 | \$7,659,562 | \$7,924,863 | \$8,464,200 |
| 906,119 | 915,788 | 913,682 | 911,762 | 914,886 | 924,990 |
| 1,759,578 | 1,864,606 | 1,843,498 | 2,086,492 | 2,096,967 | 1,766,907 |
| 121,034 | 133,871 | 206,030 | 136,466 | 107,623 | (534,203) |
| 60,429 | 21,576 | 199,455 | 2,512,675 | 67,402 | 3,341 |
| 15,678 | 14,856 | - | - | 70,478 | - |
| - | - | 33,003 | - | - | - |
| 3,500 | (29,500) | 3,500 | - | - | - |
| <u>10,105,941</u> | <u>10,275,606</u> | <u>10,829,037</u> | <u>13,306,957</u> | <u>11,182,219</u> | <u>10,625,235</u> |
| 1,000 | - | - | - | - | - |
| 3,884 | 3,322 | 3,953 | 3,644 | 5,229 | (36,076) |
| 5,750 | 895 | - | - | - | - |
| 945 | 24,744 | - | - | - | - |
| (3,500) | 29,500 | (3,500) | - | - | - |
| <u>8,079</u> | <u>58,461</u> | <u>453</u> | <u>3,644</u> | <u>5,229</u> | <u>(36,076)</u> |
| <u>\$10,114,020</u> | <u>\$10,334,067</u> | <u>\$10,829,490</u> | <u>\$13,310,601</u> | <u>\$11,187,448</u> | <u>\$10,589,159</u> |
| \$1,700,982 | (\$368,761) | \$3,924,759 | \$2,908,630 | \$3,671,156 | \$181,910 |
| (194,591) | (166,095) | (80,646) | 110,048 | 452,617 | 186,677 |
| <u>\$1,506,391</u> | <u>(\$534,856)</u> | <u>\$3,844,113</u> | <u>\$3,018,678</u> | <u>\$4,123,773</u> | <u>\$368,587</u> |

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

| | Fiscal Year | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2013 | 2014 | 2015 | 2016 |
| General Fund: | | | | |
| Fund balance: | | | | |
| Nonspendable | \$607,301 | \$401,947 | \$306,783 | \$636,954 |
| Restricted | 12,479 | 14,268 | 17,185 | 17,577 |
| Committed | 243,403 | 331,201 | 422,995 | 517,869 |
| Unassigned | 4,633,494 | 4,903,066 | 5,253,912 | 5,066,530 |
| Total general fund | <u>5,496,677</u> | <u>5,650,482</u> | <u>6,000,875</u> | <u>6,238,930</u> |
| All other governmental funds: | | | | |
| Fund balance: | | | | |
| Nonspendable | 206,417 | 23,387 | 26,659 | 18,334 |
| Restricted | 8,922,847 | 6,607,864 | 7,012,776 | 7,033,902 |
| Committed | 601,378 | 636,819 | 646,943 | 804,728 |
| Assigned | 1,684,947 | 1,819,910 | 2,076,696 | 1,480,898 |
| Unassigned | (546,851) | (117,775) | (184,210) | (579,562) |
| Total all other government funds | <u>10,868,738</u> | <u>8,970,205</u> | <u>9,578,864</u> | <u>8,758,300</u> |
| Total all funds | <u>\$16,365,415</u> | <u>\$14,620,687</u> | <u>\$15,579,739</u> | <u>\$14,997,230</u> |

Table 3

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$1,108,226 | \$1,146,321 | \$1,236,463 | \$1,471,076 | \$1,652,993 | \$1,411,674 |
| 21,677 | 19,419 | 22,535 | 35,950 | 39,516 | 35,374 |
| 613,922 | 713,901 | 817,236 | 925,572 | 1,049,832 | 1,169,769 |
| 4,526,746 | 4,339,372 | 4,544,575 | 4,909,111 | 4,812,207 | 5,012,023 |
| <u>6,270,571</u> | <u>6,219,013</u> | <u>6,620,809</u> | <u>7,341,709</u> | <u>7,554,548</u> | <u>7,628,840</u> |
| 37,351 | 38,130 | 79,738 | 52,941 | 45,109 | 35,693 |
| 9,945,077 | 7,212,565 | 7,108,403 | 6,792,754 | 6,282,145 | 13,375,777 |
| 748,398 | 736,371 | 780,416 | 853,737 | 931,143 | 1,030,787 |
| 1,433,487 | 2,110,453 | 1,677,812 | 1,811,774 | 2,364,975 | 1,748,247 |
| (929,731) | (798,902) | (537,062) | (944,929) | (1,920,561) | (1,505,563) |
| <u>11,234,582</u> | <u>9,298,617</u> | <u>9,109,307</u> | <u>8,566,277</u> | <u>7,702,811</u> | <u>14,684,941</u> |
| <u>\$17,505,153</u> | <u>\$15,517,630</u> | <u>\$15,730,116</u> | <u>\$15,907,986</u> | <u>\$15,257,359</u> | <u>\$22,313,781</u> |

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

| | Fiscal Year | | | |
|---|--------------------|----------------------|-------------------|--------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | |
| Taxes | \$6,772,986 | \$6,951,608 | \$7,549,081 | \$7,802,196 |
| Licenses and permits | 324,015 | 275,941 | 343,241 | 259,518 |
| Intergovernmental | 4,671,032 | 5,014,278 | 3,887,034 | 5,726,983 |
| Special assessments | 1,760,500 | 990,937 | 835,650 | 989,932 |
| Charges for services | 2,160,357 | 2,021,418 | 1,945,088 | 1,980,441 |
| Fines and forfeits | 204,756 | 172,374 | 150,911 | 140,003 |
| Investment income | 80,298 | 122,519 | 109,041 | 107,331 |
| Contributions and donations | - | - | - | - |
| Other | 388,486 | 441,708 | 378,950 | 899,017 |
| Total revenues | <u>16,362,430</u> | <u>15,990,783</u> | <u>15,198,996</u> | <u>17,905,421</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,013,753 | 2,591,609 | 2,318,002 | 3,047,872 |
| Public safety | 2,829,259 | 3,074,009 | 3,224,886 | 3,338,016 |
| Public works | 2,853,198 | 3,188,479 | 2,575,664 | 2,731,258 |
| Culture and recreation | 1,731,099 | 1,735,137 | 1,720,627 | 1,947,341 |
| Miscellaneous | 523,877 | 570,460 | 545,535 | 514,541 |
| Capital outlay/construction | 6,370,341 | 3,698,823 | 749,073 | 5,870,681 |
| Decertify TIF districts | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | 3,925,000 | 5,040,000 | 2,475,000 | 2,590,000 |
| Interest | 881,735 | 815,457 | 764,607 | 711,789 |
| Paying agent fees | 8,855 | 8,775 | 8,000 | 7,600 |
| Bond issuance costs | 112,905 | 70,491 | - | 52,693 |
| Total expenditures | <u>21,250,022</u> | <u>20,793,240</u> | <u>14,381,394</u> | <u>20,811,791</u> |
| Revenues over (under) expenditures | <u>(4,887,592)</u> | <u>(4,802,457)</u> | <u>817,602</u> | <u>(2,906,370)</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 55,254 | 6,900 | 2,000 | 55,400 |
| Capital lease proceeds | - | - | - | - |
| Issuance of refunding bonds | 1,525,000 | - | - | - |
| Bond issuance/bond premium | 4,134,377 | 3,000,000 | - | 2,214,183 |
| Insurance recoveries | 41,032 | 47,329 | 35,950 | 50,778 |
| Redemption of refunded bonds | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers in | 1,855,266 | 1,053,297 | 602,038 | 1,002,717 |
| Transfers out | (1,802,051) | (1,049,797) | (498,538) | (999,217) |
| Total other financing sources (uses) | <u>5,808,878</u> | <u>3,057,729</u> | <u>141,450</u> | <u>2,323,861</u> |
| Net change in fund balance | <u>\$921,286</u> | <u>(\$1,744,728)</u> | <u>\$959,052</u> | <u>(\$582,509)</u> |
| Debt service as a percentage of noncapital expenditures | 28.8% | 33.4% | 23.5% | 22.1% |

Table 4

| Fiscal Year | | | | | |
|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$8,179,557 | \$8,217,883 | \$8,490,925 | \$8,536,045 | \$8,758,762 | \$9,440,654 |
| 332,376 | 212,505 | 499,947 | 450,688 | 384,777 | 479,768 |
| 3,771,612 | 5,860,934 | 10,498,053 | 5,742,470 | 8,423,475 | 7,337,009 |
| 631,282 | 762,813 | 514,977 | 432,474 | 341,486 | 318,005 |
| 2,083,233 | 2,089,178 | 2,163,196 | 2,067,732 | 2,219,548 | 2,275,889 |
| 116,367 | 114,828 | 112,553 | 92,407 | 98,337 | 114,060 |
| 121,034 | 133,871 | 206,030 | 136,466 | 107,623 | (534,203) |
| - | - | - | - | - | 326,351 |
| 1,093,069 | 712,397 | 312,273 | 1,063,428 | 242,963 | 445,944 |
| <u>16,328,530</u> | <u>18,104,409</u> | <u>22,797,954</u> | <u>18,521,710</u> | <u>20,576,971</u> | <u>20,203,477</u> |
| 2,404,189 | 2,426,762 | 3,525,148 | 2,960,690 | 3,094,350 | 3,805,894 |
| 3,340,909 | 3,608,088 | 3,798,604 | 3,847,373 | 4,020,689 | 4,202,501 |
| 2,822,303 | 2,795,132 | 2,864,435 | 2,984,860 | 3,275,655 | 3,388,567 |
| 1,931,650 | 2,015,958 | 1,869,413 | 1,525,058 | 1,663,705 | 1,781,666 |
| 553,452 | 562,856 | 332,564 | 1,214,096 | 569,299 | 422,144 |
| 4,736,594 | 4,546,229 | 8,813,591 | 7,745,469 | 12,160,921 | 6,306,014 |
| 91,038 | - | 95,693 | - | - | - |
| 2,597,000 | 5,420,000 | 2,480,000 | 2,480,000 | 2,515,000 | 2,495,000 |
| 680,534 | 669,089 | 629,512 | 613,237 | 578,766 | 670,696 |
| 7,150 | 6,250 | 6,350 | 6,850 | 6,600 | 7,075 |
| 112,018 | 60,199 | 50,948 | 57,920 | 116,617 | 123,390 |
| <u>19,276,837</u> | <u>22,110,563</u> | <u>24,466,258</u> | <u>23,435,553</u> | <u>28,001,602</u> | <u>23,202,947</u> |
| <u>(2,948,307)</u> | <u>(4,006,154)</u> | <u>(1,668,304)</u> | <u>(4,913,843)</u> | <u>(7,424,631)</u> | <u>(2,999,470)</u> |
| 133,885 | 47,887 | 210,616 | 2,526,905 | 51,402 | 6,476 |
| - | - | - | - | - | - |
| 3,013,286 | - | - | 2,275,000 | 6,255,000 | - |
| 2,289,881 | 1,973,026 | 1,647,547 | 83,520 | 370,304 | 10,000,000 |
| 15,678 | 27,218 | 19,127 | 206,288 | 97,298 | 49,416 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 4,116,142 | 2,096,040 | 982,070 | 806,486 | 1,297,912 | 823,737 |
| <u>(4,112,642)</u> | <u>(2,125,540)</u> | <u>(978,570)</u> | <u>(806,486)</u> | <u>(1,297,912)</u> | <u>(823,737)</u> |
| <u>5,456,230</u> | <u>2,018,631</u> | <u>1,880,790</u> | <u>5,091,713</u> | <u>6,774,004</u> | <u>10,055,892</u> |
| <u>\$2,507,923</u> | <u>(\$1,987,523)</u> | <u>\$212,486</u> | <u>\$177,870</u> | <u>(\$650,627)</u> | <u>\$7,056,422</u> |
| 21.3% | 32.8% | 16.7% | 18.1% | 19.2% | 17.4% |

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

| Function/Program | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Governmental activities: | | | | |
| General government | \$597,344 | \$566,308 | \$594,476 | \$781,676 |
| Public safety | 1,100,379 | 1,122,613 | 1,141,745 | 1,083,258 |
| Public works | 4,537,627 | 3,325,271 | 1,922,976 | 3,971,370 |
| Culture and recreation | 1,066,206 | 1,059,045 | 1,070,269 | 2,115,700 |
| Other | - | - | - | - |
| Total governmental activities program revenues | <u>7,301,556</u> | <u>6,073,237</u> | <u>4,729,466</u> | <u>7,952,004</u> |
| Business-type activities: | | | | |
| Golf course | 524,670 | 555,588 | 589,499 | 569,276 |
| Storm water utility | 551,049 | 553,074 | 563,011 | 567,357 |
| Total business-type activities program revenues | <u>1,075,719</u> | <u>1,108,662</u> | <u>1,152,510</u> | <u>1,136,633</u> |
| Total primary government program revenues | <u>\$8,377,275</u> | <u>\$7,181,899</u> | <u>\$5,881,976</u> | <u>\$9,088,637</u> |

Table 5

| Fiscal Year | | | | | |
|-------------|-------------|--------------|-------------|--------------|--------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$567,926 | \$486,735 | \$1,261,059 | \$1,627,440 | \$1,352,643 | \$2,235,654 |
| 1,133,127 | 1,154,522 | 1,393,344 | 1,322,337 | 1,516,232 | 1,491,635 |
| 2,785,332 | 4,360,082 | 8,941,143 | 3,638,837 | 5,628,437 | 4,699,936 |
| 1,108,439 | 1,494,977 | 1,255,309 | 1,263,344 | 905,912 | 978,241 |
| 232,118 | 41,551 | 34,710 | 29,701 | 24,376 | 18,730 |
| 5,826,942 | 7,537,867 | 12,885,565 | 7,881,659 | 9,427,600 | 9,424,196 |
| 567,053 | 582,728 | 597,184 | 653,736 | 781,728 | 877,502 |
| 592,947 | 718,751 | 696,628 | 746,488 | 875,888 | 858,646 |
| 1,160,000 | 1,301,479 | 1,293,812 | 1,400,224 | 1,657,616 | 1,736,148 |
| \$6,986,942 | \$8,839,346 | \$14,179,377 | \$9,281,883 | \$11,085,216 | \$11,160,344 |

CITY OF GRAND RAPIDS, MINNESOTA

TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Table 6

| <u>Fiscal Year Ended December 31</u> | <u>Residential Property</u> | <u>Commercial/Industrial Property</u> | <u>All Other</u> | <u>Total Tax Capacity</u> | <u>Less: Fiscal Disparity Contribution</u> | <u>Adjusted Tax Capacity Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Market Value</u> | <u>Tax Capacity as a Percent of EMV</u> |
|--------------------------------------|-----------------------------|---------------------------------------|------------------|---------------------------|--|------------------------------------|------------------------------|-------------------------------|---|
| 2013 | \$4,505,919 | \$4,181,742 | \$653,369 | \$9,341,030 | \$1,127,446 | \$8,213,584 | 68.999 | \$769,618,250 | 1.07% |
| 2014 | 4,496,682 | 3,933,451 | 618,235 | 9,048,368 | 1,120,826 | 7,927,542 | 79.308 | 754,740,246 | 1.05% |
| 2015 | 4,571,503 | 3,906,927 | 681,838 | 9,160,268 | 933,840 | 8,226,428 | 79.245 | 762,916,480 | 1.08% |
| 2016 | 4,724,671 | 3,974,339 | 819,387 | 9,518,397 | 1,109,824 | 8,408,573 | 79.232 | 786,530,358 | 1.07% |
| 2017 | 4,756,343 | 3,960,710 | 882,231 | 9,599,284 | 1,192,888 | 8,406,396 | 82.208 | 792,082,220 | 1.06% |
| 2018 | 4,757,558 | 3,908,563 | 937,951 | 9,604,072 | 1,216,383 | 8,387,689 | 82.493 | 795,696,602 | 1.05% |
| 2019 | 5,115,784 | 3,801,713 | 910,424 | 9,827,921 | 1,219,912 | 8,608,009 | 83.290 | 824,925,900 | 1.04% |
| 2020 | 5,144,945 | 3,818,146 | 789,321 | 9,752,412 | 1,152,780 | 8,599,632 | 83.457 | 822,147,100 | 1.05% |
| 2021 | 5,258,120 | 3,870,142 | 769,972 | 9,898,234 | 1,094,170 | 8,804,064 | 83.454 | 836,239,865 | 1.05% |
| 2022 | 5,858,812 | 3,900,149 | 703,981 | 10,462,942 | 1,172,324 | 9,290,618 | 82.553 | 891,732,700 | 1.04% |

Source: Itasca County Auditor's Office

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

Table 7

| Fiscal Year | Direct Rate - City of Grand Rapids | | | Overlapping Rates | | | Overlapping Tax Rate |
|-------------|------------------------------------|--------|--------|-------------------|----------------------|-------------------------|----------------------|
| | Operating | Debt | Total | Itasca County | School District #318 | Special Taxing District | |
| 2013 | 54.778 | 14.221 | 68.999 | 50.869 | 17.862 | 0.247 | 137.977 |
| 2014 | 60.623 | 18.685 | 79.308 | 53.852 | 18.583 | 0.260 | 152.003 |
| 2015 | 59.934 | 19.311 | 79.245 | 55.038 | 16.618 | 0.115 | 151.016 |
| 2016 | 62.105 | 17.127 | 79.232 | 58.157 | 16.530 | 0.296 | 154.215 |
| 2017 | 63.426 | 18.782 | 82.208 | 60.240 | 16.909 | 0.293 | 159.650 |
| 2018 | 63.881 | 18.612 | 82.493 | 62.465 | 17.189 | 0.254 | 162.401 |
| 2019 | 65.202 | 18.088 | 83.290 | 64.844 | 24.182 | 0.298 | 172.614 |
| 2020 | 65.307 | 18.150 | 83.457 | 67.034 | 23.901 | 0.305 | 174.697 |
| 2021 | 66.095 | 17.359 | 83.454 | 62.770 | 21.635 | 0.281 | 168.140 |
| 2022 | 62.569 | 19.984 | 82.553 | 61.029 | 22.808 | 0.283 | 166.673 |

Source: Itasca County Auditor's Office

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

Table 8

| Taxpayer | 2022 | | | 2013 | | |
|--------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value |
| UPM Blandin Paper Mill | \$541,375 | 1 | 5.50% | \$723,541 | 1 | 7.85% |
| Enbridge Energy, LP | 322,478 | 2 | 3.27% | 266,807 | 2 | 2.90% |
| Wal-Mart Stores | 158,024 | 3 | 1.60% | 224,356 | 3 | 2.43% |
| Enbridge Energy Pipelines | 133,636 | 4 | 1.36% | 139,206 | 4 | 1.51% |
| Majestic Pines | 125,977 | 5 | 1.28% | | | |
| Grand Hospitality LLC | 123,700 | 6 | 1.26% | 131,077 | 5 | 1.42% |
| Grand Rapids Healthcare | 118,341 | 7 | 1.20% | | | |
| Grand Itasca Clinic & Hospital | 114,563 | 8 | 1.16% | 119,112 | 6 | 1.29% |
| ASV, Inc. * | 110,910 | 9 | 1.13% | | | |
| Arrowhead Promotion & Fulfillment Co | 103,964 | 10 | 1.06% | 113,340 | 8 | 1.23% |
| Target Corporation | | | | 116,982 | 7 | 1.27% |
| Home Depot USA, Inc | | | | 108,352 | 9 | 1.18% |
| Grand Rapids State Bank | | | | 80,925 | 10 | 0.88% |
| Total principal taxpayers | 1,852,968 | | 18.81% | 2,023,698 | | 21.96% |
| All other taxpayers | 7,995,986 | | 80.99% | 7,191,071 | | 78.04% |
| Total | <u>\$9,848,954</u> | | <u>99.80%</u> | <u>\$9,214,769</u> | | <u>100.00%</u> |

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

*Formerly Terex Corp., Inc.

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 |
| 2013 | \$6,125,207 | \$6,013,791 | 98.18% | \$101,422 | \$6,115,213 | 99.84% |
| 2014 | 6,281,859 | 6,201,927 | 98.73% | 79,932 | 6,281,859 | 100.00% |
| 2015 | 6,845,166 | 6,774,792 | 98.97% | 70,374 | 6,845,166 | 100.00% |
| 2016 | 6,951,560 | 6,847,996 | 98.51% | 87,383 | 6,935,379 | 99.77% |
| 2017 | 7,258,674 | 7,169,418 | 98.77% | 49,666 | 7,219,084 | 99.45% |
| 2018 | 7,408,178 | 7,249,845 | 97.86% | 59,528 | 7,309,373 | 98.67% |
| 2019 | 7,689,023 | 7,545,606 | 98.13% | 68,035 | 7,613,641 | 99.02% |
| 2020 | 7,793,670 | 7,698,321 | 98.78% | 87,369 | 7,785,690 | 99.90% |
| 2021 | 8,079,328 | 7,864,173 | 97.34% | 83,201 | 7,947,374 | 98.37% |
| 2022 | 8,603,265 | 8,555,109 | 99.44% | - | 8,555,109 | 99.44% |

Source: Itasca County Auditor's Office

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

Table 10

| Fiscal Year | Governmental Activities | | | | Total Governmental Activities | Business-type Activities | Total Primary Government | Bonded Debt Per Capita |
|-------------|--------------------------------|-------------------------------------|---------------------------|---------------|-------------------------------------|-----------------------------|--------------------------------|---------------------------------|
| | General Obligation Bonds | General Obligation Impr Bonds | Tax Increment Bonds | Other Debt | | Capital Leases | | |
| 2013 | \$6,835,000 | \$20,600,000 | \$805,000 | \$1,264,593 | \$29,504,593 | \$ - | \$29,504,593 | \$2,715 |
| 2014 | 6,475,141 | 20,054,957 | 790,000 | 108,868 | 27,428,966 | - | 27,428,966 | 2,524 |
| 2015 | 5,794,793 | 18,268,519 | 770,000 | 85,224 | 24,918,536 | - | 24,918,536 | 2,293 |
| 2016 | 7,276,630 | 16,417,458 | 750,000 | 61,580 | 24,505,668 | - | 24,505,668 | 2,255 |
| 2017 | 8,821,458 | 17,584,683 | 730,000 | 40,936 | 27,177,077 | 111,968 | 27,289,045 | 2,386 |
| 2018 | 9,664,438 | 13,270,296 | 705,000 | 27,292 | 23,667,026 | 85,564 | 23,752,590 | 2,086 |
| 2019 | 10,678,913 | 11,416,220 | 680,000 | 13,648 | 22,788,781 | 58,129 | 22,846,910 | 2,006 |
| 2020 | 12,429,876 | 9,537,720 | 650,000 | - | 22,617,596 | 29,621 | 22,647,217 | 1,988 |
| 2021 | 18,320,195 | 7,751,432 | 615,000 | - | 26,686,627 | - | 26,686,627 | 2,399 |
| 2022 | 27,422,573 | 6,130,228 | 580,000 | - | 34,132,801 | - | 34,132,801 | 3,025 |

Note: Personal income not available.
 Excludes component units.
 Includes unamortized issuance premium for 2014 through 2022

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> | Less Amounts Restricted for Debt service | Net General Obligation Bonded Debt | Percentage of Estimated Market Value <i>a</i> | Bonded Debt Per Capita <i>b</i> |
| 2013 | \$6,835,000 | \$959,776 | \$5,875,224 | 0.7634% | \$540.55 |
| 2014 | 6,475,141 | 1,232,228 | 5,242,913 | 0.6947% | 482.37 |
| 2015 | 5,794,793 | 1,252,221 | 4,542,572 | 0.5954% | 417.94 |
| 2016 | 7,276,630 | 2,100,311 | 5,176,319 | 0.6581% | 476.25 |
| 2017 | 8,821,458 | 2,913,286 | 5,908,172 | 0.7459% | 516.67 |
| 2018 | 9,664,438 | 2,690,044 | 6,974,394 | 0.8765% | 612.38 |
| 2019 | 10,678,913 | 3,716,614 | 6,962,299 | 0.8440% | 611.32 |
| 2020 | 12,429,876 | 3,903,822 | 8,526,054 | 1.0370% | 748.56 |
| 2021 | 18,320,195 | 4,051,168 | 14,269,027 | 1.7063% | 1,282.49 |
| 2022 | 27,422,573 | 4,370,275 | 23,052,293 | 2.5851% | 2,043.10 |

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 2022.

CITY OF GRAND RAPIDS, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2022

Table 12

| | <u>Net Debt Outstanding</u> | <u>% of Debt Applicable to City⁽²⁾</u> | <u>City of Grand Rapids Share of Debt</u> |
|-------------------------------------|---------------------------------|---|---|
| Direct debt | | | |
| City of Grand Rapids ⁽¹⁾ | \$34,132,801 | 100.00% | \$34,132,801 |
| Overlapping debt: | | | |
| Itasca County | 66,155,000 | 14.11% | 9,333,336 |
| School District 318 | <u>68,470,000</u> | 20.23% | <u>13,853,703</u> |
| Total overlapping debt | <u>134,625,000</u> | | <u>23,187,039</u> |
| Total direct and overlapping debt | <u><u>\$168,757,801</u></u> | | <u><u>\$57,319,840</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 \$747,801.

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

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

Table 13

Legal Debt Margin Calculation for Fiscal Year 2022

| | |
|--|---------------------------|
| Estimated Market value | \$891,732,700 |
| Debt limit percentage* | 3% |
| Debt limit amount | <u>26,751,981</u> |
| Debt applicable to limit: | |
| Lease revenue bonds | - |
| General obligation bonds | <u>20,852,568</u> |
| | 20,852,568 |
| Less: | |
| Cash and equivalents in G.O. Bond Debt Service Funds | <u>(3,003,744)</u> |
| Total net debt applicable to limit | <u>17,848,824</u> |
| Legal debt margin | <u><u>\$8,903,157</u></u> |

Legal Debt Margin Calculation for Fiscal Years 2013 Through 2022

| 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 |
|----------------|------------|---------------|------------------------------------|-------------------------|---|----------------------------------|
| 2013 | 10,869 | \$23,088,548 | \$5,798,436 | \$17,290,112 | 25.11% | 533.48 |
| 2014 | 10,869 | 22,642,207 | 5,393,126 | 17,249,081 | 23.82% | 496.19 |
| 2015 | 10,869 | 22,887,494 | 4,581,451 | 18,306,043 | 20.02% | 421.52 |
| 2016 | 10,869 | 23,595,911 | 5,471,587 | 18,124,324 | 23.19% | 503.41 |
| 2017 | 11,435 | 23,762,467 | 6,588,263 | 17,174,204 | 27.73% | 576.15 |
| 2018 | 11,389 | 23,870,898 | 7,606,103 | 16,264,795 | 31.86% | 667.85 |
| 2019 | 11,389 | 24,747,777 | 8,386,527 | 16,361,250 | 33.89% | 736.37 |
| 2020 | 11,390 | 24,664,413 | 10,002,051 | 14,662,362 | 40.55% | 878.14 |
| 2021 | 11,126 | 25,087,196 | 15,747,803 | 9,339,393 | 62.77% | 1,415.41 |
| 2022 | 11,283 | 26,751,981 | 17,848,824 | 8,903,157 | 66.72% | 1,581.92 |

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 | |
| 2013 | \$697,612 | \$1,610,000 | \$587,496 | 31.75% | \$193,981 | \$15,000 | \$35,934 | 380.85% |
| 2014 | 609,576 | 1,645,000 | 466,922 | 28.86% | 180,957 | 15,000 | 35,371 | 359.25% |
| 2015 | 551,895 | 1,315,000 | 437,515 | 31.49% | 237,023 | 20,000 | 34,715 | 433.20% |
| 2016 | 514,410 | 1,505,000 | 416,830 | 26.77% | 372,139 | 20,000 | 33,965 | 689.59% |
| 2017 | 412,018 | 1,495,000 | 380,497 | 21.97% | 383,897 | 20,000 | 33,170 | 722.02% |
| 2018 | 447,143 | 1,450,000 | 344,854 | 24.91% | 362,772 | 25,000 | 28,371 | 679.72% |
| 2019 | 404,464 | 1,510,000 | 296,329 | 22.39% | 227,734 | 25,000 | 19,900 | 507.20% |
| 2020 | 314,002 | 1,505,000 | 256,638 | 17.82% | 228,705 | 30,000 | 19,076 | 466.02% |
| 2021 | 258,644 | 1,420,000 | 215,700 | 15.81% | 235,563 | 35,000 | 18,100 | 443.62% |
| 2022 | 249,526 | 1,255,000 | 174,800 | 17.45% | 275,131 | 35,000 | 17,051 | 528.58% |

Special assessment collections do not include prepayments.

Excludes component units.

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|----------------------------|---|------------------------------|
| 2013 | 10,869 | | | 9.60% |
| 2014 | 10,869 | | | 9.90% |
| 2015 | 10,869 | | | 7.60% |
| 2016 | 10,869 | | | 6.70% |
| 2017 | 11,435 | Information Not Available | | 8.47% |
| 2018 | 11,389 | | | 10.60% |
| 2019 | 11,389 | | | 6.10% |
| 2020 | 11,390 | | | 5.60% |
| 2021 | 11,126 | | | 5.28% |
| 2022 | 11,283 | | | 4.61% |

Source: Minnesota Department of Employment and Economic Development

CITY OF GRAND RAPIDS, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

| Taxpayer | 2022 | | | 2013 | | |
|----------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| ISD #318(2) | 1,052 | 1 | 12.62% | 600 | 1 | 6.89% |
| Grand Itasca Clinic & Hospital | 526 | 2 | 6.31% | 600 | 2 | 6.89% |
| Itasca County | 444 | 3 | 5.33% | 390 | 4 | 4.48% |
| Northland Counseling Center, Inc | 250 | 4 | 3.00% | | | |
| ASV Inc.(1) | 250 | 5 | 3.00% | 450 | 8 | 5.16% |
| North Homes Inc. | 220 | 6 | 2.64% | | | |
| UPM Blandin Paper Mill | 225 | 7 | 2.70% | 450 | 3 | 5.16% |
| Arrowhead Promo & Fulfillment | 220 | 8 | 2.64% | 290 | 5 | 3.33% |
| Wal-Mart | 183 | 9 | 2.20% | 280 | 6 | 3.21% |
| City of Grand Rapids(2) | 179 | 10 | 2.15% | 225 | 7 | 2.58% |
| Grand Village Nursing Home(3) | | | | 160 | 9 | 1.84% |
| Itasca Community College | | | | 140 | 10 | 1.61% |
| Total | 3,549 | | 42.59% | 3,585 | | 41.15% |
| All other employers | 4,784 | | 57.41% | 5,129 | | 58.86% |
| Total | 8,333 | | 100.00% | 8,714 | | 100.00% |

Source: Minnesota Department of Employment and Economic Development

(1) Formerly Terex Corp., Inc.

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

(3) Formerly known as Itasca County Nursing Home.

CITY OF GRAND RAPIDS, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Table 17

Last Ten Fiscal Years

| Function/Program | Full-time Equivalent Employees as of December 31 | | | | | | | | | |
|---------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General government: | | | | | | | | | | |
| Administration | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Finance | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Community development | 4.05 | 4.05 | 4.05 | 4.55 | 4.55 | 4.55 | 5.55 | 5.55 | 4.55 | 4.55 |
| Engineering | 2.45 | 2.45 | 2.45 | 2.45 | 3.45 | 3.45 | 4.45 | 4.45 | 4.45 | 4.45 |
| Information technology | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Police officers and dispatchers | 21.50 | 22.50 | 22.50 | 22.50 | 25.50 | 26.50 | 27.50 | 27.70 | 24.70 | 24.70 |
| Public works | 14.00 | 14.00 | 14.00 | 14.00 | 16.00 | 17.00 | 18.00 | 20.00 | 20.00 | 19.00 |
| Parks and recreation | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 3.00 | 2.00 | 2.00 | 2.00 |
| Library | 8.75 | 8.75 | 8.75 | 8.50 | 8.50 | 8.50 | 8.50 | 6.50 | 7.50 | 7.50 |
| Golf course | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |
| Total | 66.75 | 67.75 | 67.75 | 68.00 | 74.00 | 73.00 | 79.00 | 78.20 | 76.20 | 75.20 |

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

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Physical and sexual assaults | 605 | 460 | 441 | 346 | 145 | 218 | 230 | 231 | 191 | 137 |
| Parking citations | 537 | 314 | 239 | 208 | 590 | 487 | 451 | 370 | 337 | 383 |
| DUI arrests | 135 | 211 | 117 | 110 | 94 | 72 | 73 | 52 | 56 | 86 |
| Traffic citations | 2,113 | 1,544 | 2,175 | 1,579 | 1,366 | 1232 | 1381 | 863 | 953 | 984 |
| Accidents | 543 | 568 | 495 | 451 | 416 | 535 | 412 | 320 | 358 | 408 |
| Fire: | | | | | | | | | | |
| Emergency responses | 174 | 138 | 167 | 182 | 212 | 146 | 199 | 203 | 219 | 214 |
| Haz-Mat responses | 14 | 36 | 53 | 17 | 13 | 3 | 0 | 1 | 1 | 1 |
| Inspections | 62 | 100 | 55 | 6 | 5 | 8 | 19 | 28 | 26 | 4 |
| Community development: | | | | | | | | | | |
| Permits issued: | | | | | | | | | | |
| Commercial | 138 | 96 | 110 | 120 | 153 | 120 | 107 | 113 | 134 | 88 |
| Governmental | 16 | 25 | 20 | 29 | 22 | 12 | 12 | 13 | 14 | 5 |
| Residential | 442 | 373 | 401 | 405 | 382 | 393 | 442 | 368 | 378 | 354 |
| Building safety deviation: | | | | | | | | | | |
| Rental inspections | - | - | - | - | - | - | - | - | - | 181 |
| Re-inspections | - | - | - | - | - | - | - | - | - | 169 |
| Public works: | | | | | | | | | | |
| Streets swept (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 94 | 94 | 94 | 94 |
| Roads (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 94 | 94 | 94 | 94 |
| Streetlights | 1,326 | 1,325 | 1,325 | 1,325 | 1,578 | 1584 | 1630 | 1624 | 1,696 | 1,924 |
| Parks and recreation: | | | | | | | | | | |
| Playgrounds | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Baseball/softball fields | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Soccer fields | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 3 |
| Skate park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library: | | | | | | | | | | |
| Volumes in collection | 75,343 | 75,173 | 75,751 | 74,541 | 70,991 | 73,332 | 74,073 | 73,670 | 72,425 | 70,704 |
| Total volumes borrowed | 183,311 | 172,438 | 173,954 | 163,483 | 160,089 | 183,169 | 191,876 | 98,190 | 131,131 | 160,723 |
| Golf course: | | | | | | | | | | |
| Number of passes sold | | | | | | | | | | |
| Junior* | 57 | 59 | 77 | 57 | 46 | 42 | 40 | 62 | 48 | 63 |
| Young adult* | 18 | 14 | 15 | 12 | 11 | 11 | 10 | 34 | 38 | 53 |
| Single | 106 | 110 | 107 | 128 | 113 | 99 | 101 | 101 | 127 | 124 |
| Family | 63 | 63 | 74 | 63 | 60 | 64 | 62 | 48 | 56 | 54 |

*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 | | | | | | | | | |
|---------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 20 | 20 | 20 | 20 | 20 | 22 | 20 | 20 | 20 | 21 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Public works: | | | | | | | | | | |
| Miles of streets maintained | 93 | 93 | 93 | 95 | 95 | 95 | 95 | 94 | 94 | 95 |
| Miles of sidewalks maintained | 91 | 91 | 100 | 103 | 103 | 104 | 103 | 48 | 48 | 49 |
| Miles of curbs and gutters maintained | 112 | 112 | 112 | 113 | 113 | 113.5 | 113 | 113 | 113 | 160 |
| Parks and recreation: | | | | | | | | | | |
| Community parks and playgrounds | 24 | 24 | 26 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Total acres | 227 | 227 | 350 | 350 | 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, 2022

| | 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 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 |
| Street Reconstruction Bonds of 2020A | 1.60 - 2.00 | 11/5/2020 | 2/1/2036 |
| G.O. Abatement Bonds of 2019A | 2.0 - 3.0 | 9/5/2019 | 2/1/2035 |
| G.O. Abatement Bonds of Bonds of 2021B | 2.00 - 2.75 | 7/1/2021 | 2/1/2042 |
| G.O. Temporary Bonds of 2022A | 4.75 | 12/22/2022 | 12/1/2025 |
| Total Other General Obligation Debt | | | |
| Note payable - Block 20 & 21 Soil | 0.00 | 8/5/2010 | 12/31/2029 |
| Note payable - Airport Ind Park/Kent | 0.00 | 7/16/2015 | 7/16/2035 |
| Note payable - Blandin | 0.00 | 2016 | 2026 |
| Note payable - IRRRB (airport hangar) | 1.00 | 12/2/2016 | 8/1/2036 |
| Note payable - IEDC (airport hangar) | 1.00 | 11/15/2015 | 11/1/2026 |
| Note payable - VFW/Rose buildings | 0.00 | 1/29/2021 | 1/29/2026 |
| Note payable - Blandin | 0.00 | 4/1/2020 | 10/1/2026 |
| Note payable - Blandin | 0.00 | 4/1/2020 | 10/1/2026 |
| Revenue Bonds and Notes (Public Utilities): | | | |
| Taxable G.O. Wastewater Revenue Note of 2009E | 2.90 | 11/10/2009 | 8/20/2029 |
| G.O. Utility Revenue Bonds of 2012D | 2.00 - 3.35 | 4/1/2012 | 2/1/2033 |
| Taxable G.O. Utility Revenue Bonds of 2013C | 2.00-4.50 | 9/1/2013 | 2/1/2029 |
| G.O. Utility Revenue Bonds of 2021A | 0.25 - 0.63 | 5/27/2021 | 10/15/2025 |
| G.O. Utility Revenue Bonds of 2021D | 2.0 - 3.0 | 12/9/2021 | 2/1/2033 |
| G.O. Utility Revenue Bonds of 2021C | 0.45 - 1.25 | 9/2/2021 | 2/1/2029 |
| Total Revenue Bonds (Public Utilities) | | | |
| Total bonded indebtedness | | | |

| Prior Years | | Payable 01/01/22 | 2022 | | Payable 12/31/2022 | Due in 2023 | |
|-------------------|--------------|---------------------|--------------|-------------|-----------------------|-------------|-------------|
| Original Issue | Payments | | Issued | Payments | | Principal | Interest |
| \$705,000 | \$90,000 | \$615,000 | - | \$35,000 | \$580,000 | \$40,000 | \$15,925 |
| 705,000 | 90,000 | 615,000 | 0 | 35,000 | 580,000 | 40,000 | 15,925 |
| 1,150,000 | 1,075,000 | 75,000 | - | 75,000 | - | - | - |
| 4,565,000 | 3,160,000 | 1,405,000 | - | 340,000 | 1,065,000 | 345,000 | 46,866 |
| 1,115,000 | 805,000 | 310,000 | - | 60,000 | 250,000 | 60,000 | 7,750 |
| 1,555,000 | 1,115,000 | 440,000 | - | 70,000 | 370,000 | 70,000 | 10,142 |
| 2,245,000 | 1,135,000 | 1,110,000 | - | 150,000 | 960,000 | 155,000 | 27,867 |
| 4,175,000 | 2,390,000 | 1,785,000 | - | 280,000 | 1,505,000 | 290,000 | 32,025 |
| 3,000,000 | 1,370,000 | 1,630,000 | - | 200,000 | 1,430,000 | 205,000 | 33,480 |
| 2,215,000 | 1,320,000 | 895,000 | - | 435,000 | 460,000 | 295,000 | 9,375 |
| 20,020,000 | 12,370,000 | 7,650,000 | 0 | 1,610,000 | 6,040,000 | 1,420,000 | 167,505 |
| 4,025,000 | 1,665,000 | 2,360,000 | - | 260,000 | 2,100,000 | 270,000 | 63,738 |
| 2,170,000 | 510,000 | 1,660,000 | - | 135,000 | 1,525,000 | 140,000 | 29,760 |
| 2,130,000 | 335,000 | 1,795,000 | - | 125,000 | 1,670,000 | 130,000 | 51,225 |
| 1,960,000 | 205,000 | 1,755,000 | - | 115,000 | 1,640,000 | 120,000 | 48,538 |
| 2,275,000 | - | 2,275,000 | - | 125,000 | 2,150,000 | 135,000 | 36,013 |
| 1,585,000 | 70,000 | 1,515,000 | - | 90,000 | 1,425,000 | 90,000 | 33,880 |
| 6,255,000 | - | 6,255,000 | - | - | 6,255,000 | 245,000 | 137,931 |
| - | - | - | 10,000,000 | - | 10,000,000 | - | 447,292 |
| 20,400,000 | 2,785,000 | 17,615,000 | 10,000,000 | 850,000 | 26,765,000 | 1,130,000 | 848,377 |
| 100,000 | - | 100,000 | - | - | 100,000 | - | - |
| 350,000 | 105,000 | 245,000 | - | 17,500 | 227,500 | 17,500 | - |
| 175,000 | 101,370 | 73,630 | - | 15,285 | 58,345 | - | - |
| 293,000 | 24,909 | 268,091 | - | 268,091 | - | - | - |
| 90,000 | 43,915 | 46,085 | - | 46,085 | - | - | - |
| 140,000 | - | 140,000 | - | - | 140,000 | - | - |
| 550,000 | 123,838 | 426,162 | - | 122,695 | 303,467 | - | - |
| 100,000 | 15,803 | 84,197 | - | 12,247 | 71,950 | - | - |
| 26,370,232 | 13,951,232 | 12,419,000 | - | 1,402,000 | 11,017,000 | 1,442,000 | 319,493 |
| 2,025,000 | 755,000 | 1,270,000 | - | 1,270,000 | - | - | - |
| 2,305,000 | 2,000,000 | 305,000 | - | 150,000 | 155,000 | 155,000 | 47,257 |
| 872,000 | 96,500 | 775,500 | - | 193,000 | 582,500 | 193,500 | 2,542 |
| 1,120,000 | - | 1,120,000 | - | - | 1,120,000 | 95,000 | 29,175 |
| 1,210,000 | - | 1,210,000 | - | 15,000 | 1,195,000 | 35,000 | 10,469 |
| 33,902,232 | 16,802,732 | 17,099,500 | 0 | 3,030,000 | 14,069,500 | 1,920,500 | 408,936 |
| \$76,825,232 | \$32,462,567 | \$44,362,665 | \$10,000,000 | \$6,006,903 | \$48,355,762 | \$4,528,000 | \$1,440,743 |

| | 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. Abatement Bonds Series 2019A | Street Reconstruction Bonds Series 2020A | G.O. Abatement Bonds Series 2021B | G.O. Temporary Bonds Series 2022A | Total |
|-------------------------|---|---|---|---|---|--|---|--|--|---------------------|
| Bonds payable | \$580,000 | \$2,100,000 | \$1,525,000 | \$1,670,000 | \$1,640,000 | \$1,425,000 | \$2,150,000 | \$6,255,000 | \$10,000,000 | \$27,345,000 |
| Future interest payable | 111,653 | 254,944 | 163,390 | 317,062 | 321,556 | 222,335 | 253,136 | 1,411,287 | 1,397,292 | 4,452,655 |
| Totals | <u>\$691,653</u> | <u>\$2,354,944</u> | <u>\$1,688,390</u> | <u>\$1,987,062</u> | <u>\$1,961,556</u> | <u>\$1,647,335</u> | <u>\$2,403,136</u> | <u>\$7,666,287</u> | <u>\$11,397,292</u> | <u>\$31,797,655</u> |
| Payments to maturity: | | | | | | | | | | |
| 2023 | \$55,925 | \$333,738 | \$169,760 | \$181,225 | \$168,538 | \$123,880 | \$171,013 | \$382,930 | \$447,292 | \$2,034,301 |
| 2024 | 49,800 | 335,488 | 166,960 | 182,250 | 164,937 | 126,105 | 173,262 | 386,056 | 475,000 | 2,059,858 |
| 2025 | 53,815 | 336,937 | 169,110 | 183,125 | 166,263 | 123,255 | 170,462 | 383,975 | 10,475,000 | 12,061,942 |
| 2026 | 52,895 | 337,712 | 171,160 | 183,850 | 167,438 | 130,255 | 172,612 | 381,756 | - | 1,597,678 |
| 2027 | 56,918 | 332,881 | 168,160 | 179,500 | 163,538 | 127,105 | 169,712 | 384,331 | - | 1,582,145 |
| 2028 | 55,725 | 337,325 | 170,110 | 179,963 | 164,562 | 128,880 | 171,762 | 381,700 | - | 1,590,027 |
| 2029 | 59,300 | 340,863 | 167,010 | 180,158 | 165,437 | 126,130 | 173,713 | 378,932 | - | 1,591,543 |
| 2030 | 62,725 | - | 168,860 | 180,117 | 161,237 | 128,880 | 170,613 | 380,957 | - | 1,253,389 |
| 2031 | 56,150 | - | 170,445 | 179,754 | 156,950 | 126,580 | 173,102 | 383,850 | - | 1,246,831 |
| 2032 | 59,575 | - | 166,815 | 179,058 | 162,418 | 129,170 | 171,103 | 382,700 | - | 1,250,839 |
| 2033 | 62,850 | - | - | 178,062 | 157,638 | 126,650 | 173,908 | 386,400 | - | 1,085,508 |
| 2034 | 65,975 | - | - | - | 162,600 | 124,070 | 171,515 | 384,950 | - | 909,110 |
| 2035 | - | - | - | - | - | 126,375 | 168,999 | 383,400 | - | 678,774 |
| 2036 | - | - | - | - | - | - | 171,360 | 381,750 | - | 553,110 |
| 2037 | - | - | - | - | - | - | - | 384,950 | - | 384,950 |
| 2038 | - | - | - | - | - | - | - | 383,000 | - | 383,000 |
| 2039 | - | - | - | - | - | - | - | 385,900 | - | 385,900 |
| 2040 | - | - | - | - | - | - | - | 383,650 | - | 383,650 |
| 2041 | - | - | - | - | - | - | - | 381,300 | - | 381,300 |
| 2042 | - | - | - | - | - | - | - | 383,800 | - | 383,800 |
| | <u>\$691,653</u> | <u>\$2,354,944</u> | <u>\$1,688,390</u> | <u>\$1,987,062</u> | <u>\$1,961,556</u> | <u>\$1,647,335</u> | <u>\$2,403,136</u> | <u>\$7,666,287</u> | <u>\$11,397,292</u> | <u>\$31,797,655</u> |

CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION IMPROVEMENT BONDS
December 31, 2022

Exhibit 3

| | 2009C Improvement Bonds | 2010A Improvement Bonds | 2011B Improvement Refunding Bonds | 2012A Improvement Bonds | 2012B Improvement Bonds | 2014A Improvement Bonds | 2017B Improvement Refunding Bonds | Total |
|-------------------------|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|--|--------------------|
| Bonds payable | \$1,065,000 | \$250,000 | \$370,000 | \$960,000 | \$1,505,000 | \$1,430,000 | \$460,000 | \$6,040,000 |
| Future interest payable | 85,202 | 18,186 | 29,292 | 94,576 | 92,965 | 143,905 | 11,850 | 475,976 |
| Totals | <u>\$1,150,202</u> | <u>\$268,186</u> | <u>\$399,292</u> | <u>\$1,054,576</u> | <u>\$1,597,965</u> | <u>\$1,573,905</u> | <u>471,850</u> | <u>\$6,515,976</u> |
| Payments to maturity: | | | | | | | | |
| 2023 | 391,866 | 67,750 | 80,142 | 182,867 | 322,025 | 238,480 | 304,375 | 1,587,505 |
| 2024 | 383,663 | 65,725 | 78,182 | 178,644 | 320,807 | 239,120 | 167,475 | 1,433,616 |
| 2025 | 374,673 | 68,534 | 81,007 | 173,607 | 319,112 | 239,230 | - | 1,256,163 |
| 2026 | - | 66,177 | 78,701 | 173,488 | 316,926 | 169,775 | - | 805,067 |
| 2027 | - | - | 81,260 | 173,207 | 319,095 | 170,885 | - | 744,447 |
| 2028 | - | - | - | 172,763 | - | 171,710 | - | 344,473 |
| 2029 | - | - | - | - | - | 172,240 | - | 172,240 |
| 2030 | - | - | - | - | - | 172,465 | - | 172,465 |
| | <u>\$1,150,202</u> | <u>\$268,186</u> | <u>\$399,292</u> | <u>\$1,054,576</u> | <u>\$1,597,965</u> | <u>\$1,573,905</u> | <u>\$471,850</u> | <u>\$6,515,976</u> |

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CITY OF GRAND RAPIDS, MINNESOTA

TAXABLE VALUATIONS

December 31, 2022

Exhibit 4

| | 2023 Tax Capacity Values | 2022 Tax Capacity Values |
|------------------------------------|--------------------------------|--------------------------------|
| Taxable valuations: | | |
| Real estate | \$11,685,417 | \$9,758,961 |
| Personal property | 713,279 | 703,981 |
| Net tax capacity | 12,398,696 | \$10,462,942 |
| Less: Captured tax increment value | (416,980) | (197,401) |
| Fiscal disparities contributions | (1,002,186) | (1,172,324) |
| Taxable net tax capacity | <u>\$10,979,530</u> | <u>\$9,093,217</u> |

CITY OF GRAND RAPIDS, MINNESOTA
 SCHEDULE OF DEFERRED TAX LEVIES
 GENERAL OBLIGATION BONDS
 December 31, 2022

| Year of Levy/ Collection | Supplemental Improvement Bond Levy ⁽¹⁾ | \$4,565,000 Improvement Bonds Series 2009C ⁽²⁾ | \$1,750,000 Improvement and CIP Bonds Series 2010A | \$1,555,000 Improvement & Refunding Bonds Series 2011B | \$2,245,000 Improvement Bonds Series 2012A | \$4,025,000 Improvement Bonds Series 2013B |
|--------------------------------|---|---|--|--|---|---|
| 2022/2023 | (\$150,000) | \$303,482 | \$53,936 | \$54,615 | \$129,704 | \$106,465 |
| 2023/2024 | (135,000) | 303,165 | 57,510 | 58,407 | 124,414 | 108,145 |
| 2024/2025 | (80,000) | - | 55,486 | 56,792 | 124,376 | 109,510 |
| 2025/2026 | (80,000) | - | - | 60,309 | 124,165 | 104,522 |
| 2026/2027 | (55,000) | - | - | - | 123,784 | 109,864 |
| 2027/2028 | (10,000) | - | - | - | - | 113,854 |
| 2028/2029 | - | - | - | - | - | - |
| 2029/2030 | - | - | - | - | - | - |
| 2030/2031 | - | - | - | - | - | - |
| 2031/2032 | - | - | - | - | - | - |
| 2032/2033 | - | - | - | - | - | - |
| 2033/2034 | - | - | - | - | - | - |
| 2034/2035 | - | - | - | - | - | - |
| 2034/2036 | - | - | - | - | - | - |
| 2034/2037 | - | - | - | - | - | - |
| 2034/2038 | - | - | - | - | - | - |
| 2034/2039 | - | - | - | - | - | - |
| 2034/2040 | - | - | - | - | - | - |
| 2034/2041 | - | - | - | - | - | - |
| | <u>(\$510,000)</u> | <u>\$606,647</u> | <u>\$166,932</u> | <u>\$230,123</u> | <u>\$626,443</u> | <u>\$652,360</u> |

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

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

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

| \$3,000,000 Improvement Bonds Series 2014A | \$2,170,000 GO Street Reconst Bonds Series 2016A | \$2,130,000 GO Street Reconst Bonds Series 2017A | \$2,920,000 Improvement Refunding Bonds Series 2017B ⁽³⁾ | \$1,960,000 GO Street Reconst Bonds Series 2018A | \$1,585,000 Improvement Bonds Series 2019A | \$2,275,000 GO Street Reconst Bonds Series 2020A | \$6,255,000 GO CIP/ Abatement 2021B | Total |
|---|---|---|--|---|---|---|--|---------------------|
| \$235,301 | \$148,819 | \$170,400 | \$63,448 | \$139,506 | \$133,907 | \$166,452 | \$409,041 | \$1,965,076 |
| 235,700 | 151,129 | 171,398 | - | 141,808 | 130,914 | 163,696 | 406,928 | 1,918,214 |
| 162,032 | 153,334 | 172,237 | - | 143,953 | 138,421 | 166,191 | 404,670 | 1,607,002 |
| 163,345 | 150,184 | 167,670 | - | 140,690 | 135,114 | 163,331 | 407,518 | 1,536,848 |
| 164,363 | 152,284 | 168,353 | - | 142,677 | 137,057 | 165,720 | 404,828 | 1,513,930 |
| 165,077 | 149,029 | 168,641 | - | 144,507 | 133,591 | 168,005 | 401,992 | 1,434,696 |
| 165,476 | 151,024 | 168,765 | - | 140,929 | 136,532 | 164,935 | 404,263 | 1,331,924 |
| - | 152,914 | 168,555 | - | 137,351 | 134,116 | 167,115 | 406,245 | 1,166,296 |
| - | 149,102 | 168,001 | - | 144,089 | 136,952 | 165,283 | 405,090 | 1,168,517 |
| - | - | 167,093 | - | 139,999 | 134,305 | 168,534 | 409,080 | 1,019,011 |
| - | - | - | - | 146,213 | 131,660 | 166,293 | 407,610 | 851,776 |
| - | - | - | - | - | 134,137 | 163,879 | 406,035 | 704,051 |
| - | - | - | - | - | - | 166,628 | 404,355 | 570,983 |
| - | - | - | - | - | - | - | 407,820 | 407,820 |
| - | - | - | - | - | - | - | 405,825 | 405,825 |
| - | - | - | - | - | - | - | 408,975 | 408,975 |
| - | - | - | - | - | - | - | 406,665 | 406,665 |
| - | - | - | - | - | - | - | 404,250 | 404,250 |
| - | - | - | - | - | - | - | 406,980 | 406,980 |
| <u>\$1,291,294</u> | <u>\$1,357,819</u> | <u>\$1,691,113</u> | <u>\$63,448</u> | <u>\$1,561,722</u> | <u>\$1,616,706</u> | <u>\$2,156,062</u> | <u>\$7,718,170</u> | <u>\$19,228,839</u> |

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