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# City of Grand Rapids Audit Results

## Grand Rapids City Council

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# Auditor Discussion Agenda Items

- Audit Results
- Financial Results
- Other Discussions, Insights, Observations



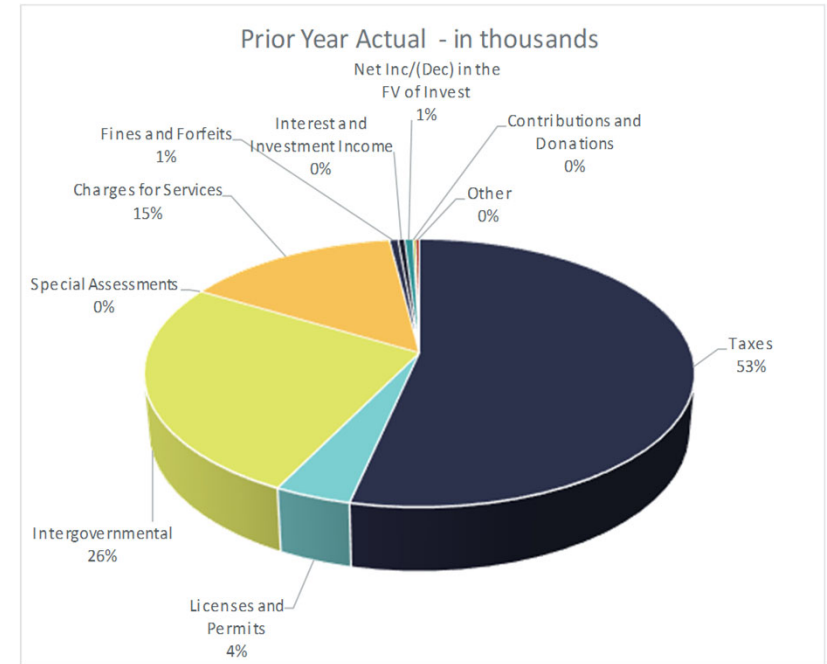
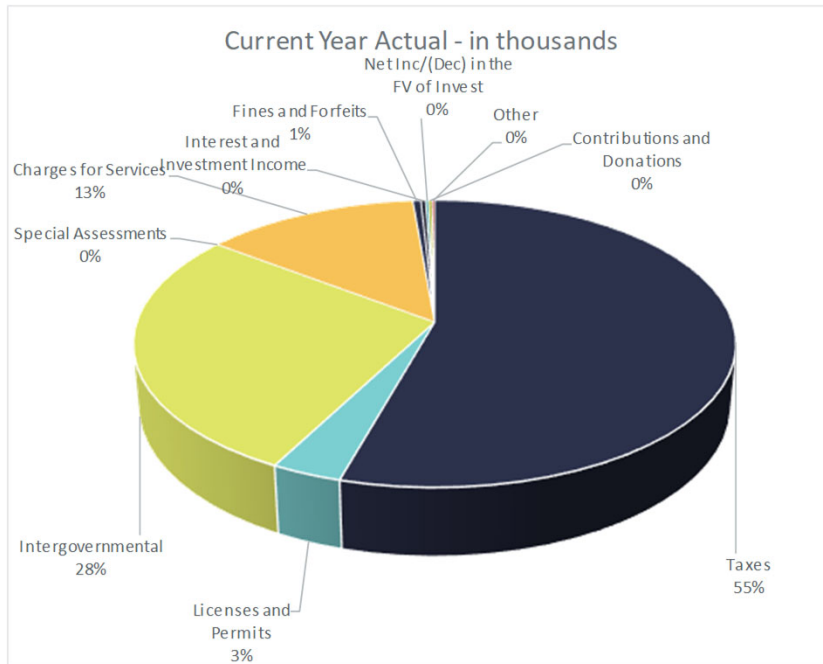
# City's Audit Results

- Unmodified Opinion (Clean)
  - On the basic financial statement – concluded financial statements are fairly stated
- Compliance and Internal Control Over Financial Reporting
  - Material weakness in internal control:
    - Material Audit adjustment
      - There was a prior period adjustment for not booking debt proceeds in the prior year.
      - There was an adjustment to remove the internal service fund and correct net position for proper presentation of PERA activity in the Business Type Activity funds
- Minnesota Legal Compliance
  - Seven areas – No findings



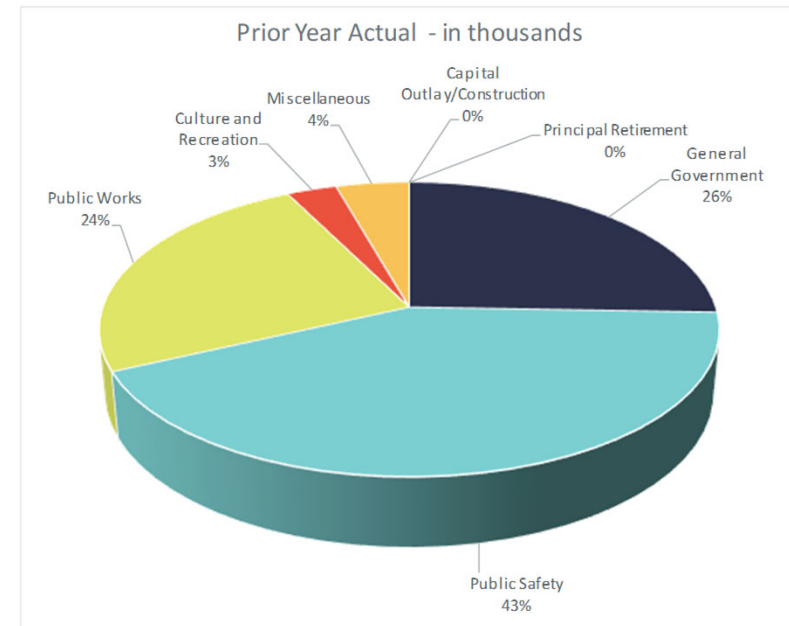
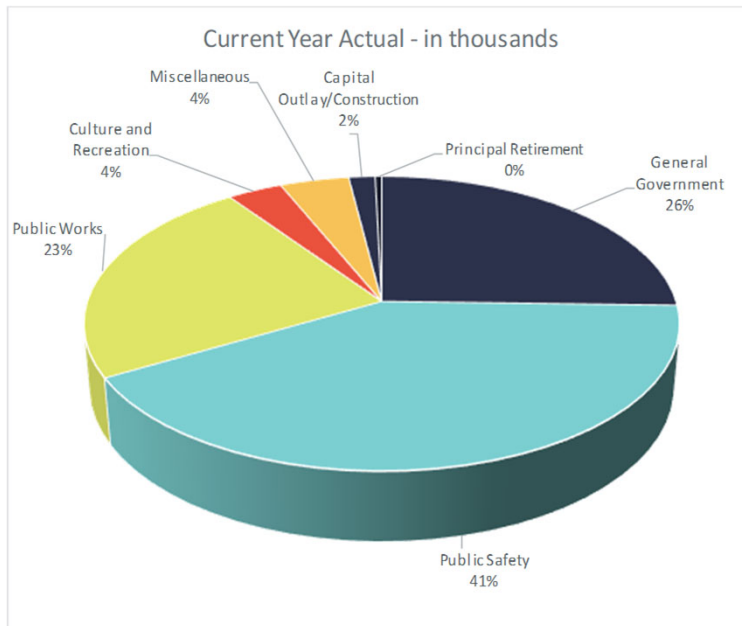
# City's Financial Results (Continued)

## *General Fund Balances-Revenues*



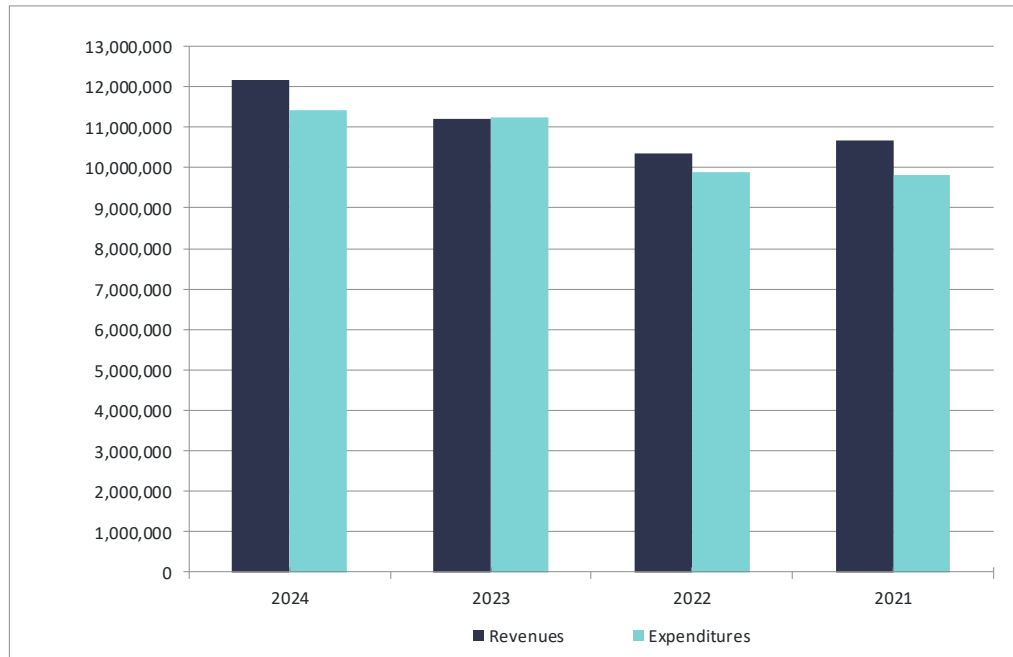
# City's Financial Results (Continued)

## *General Fund Balances-Expenditures*



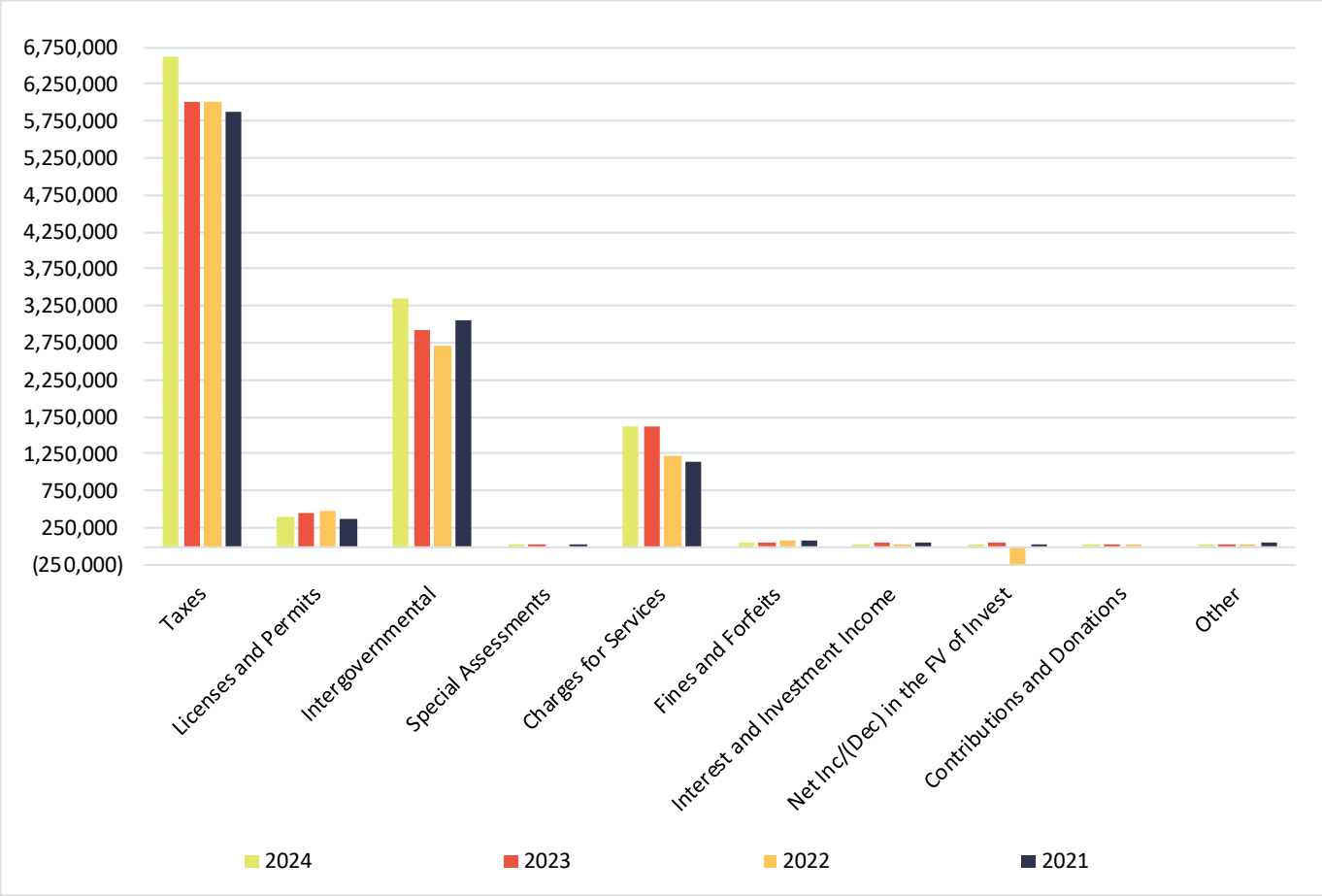
# General Fund

## Revenues and Expenditures

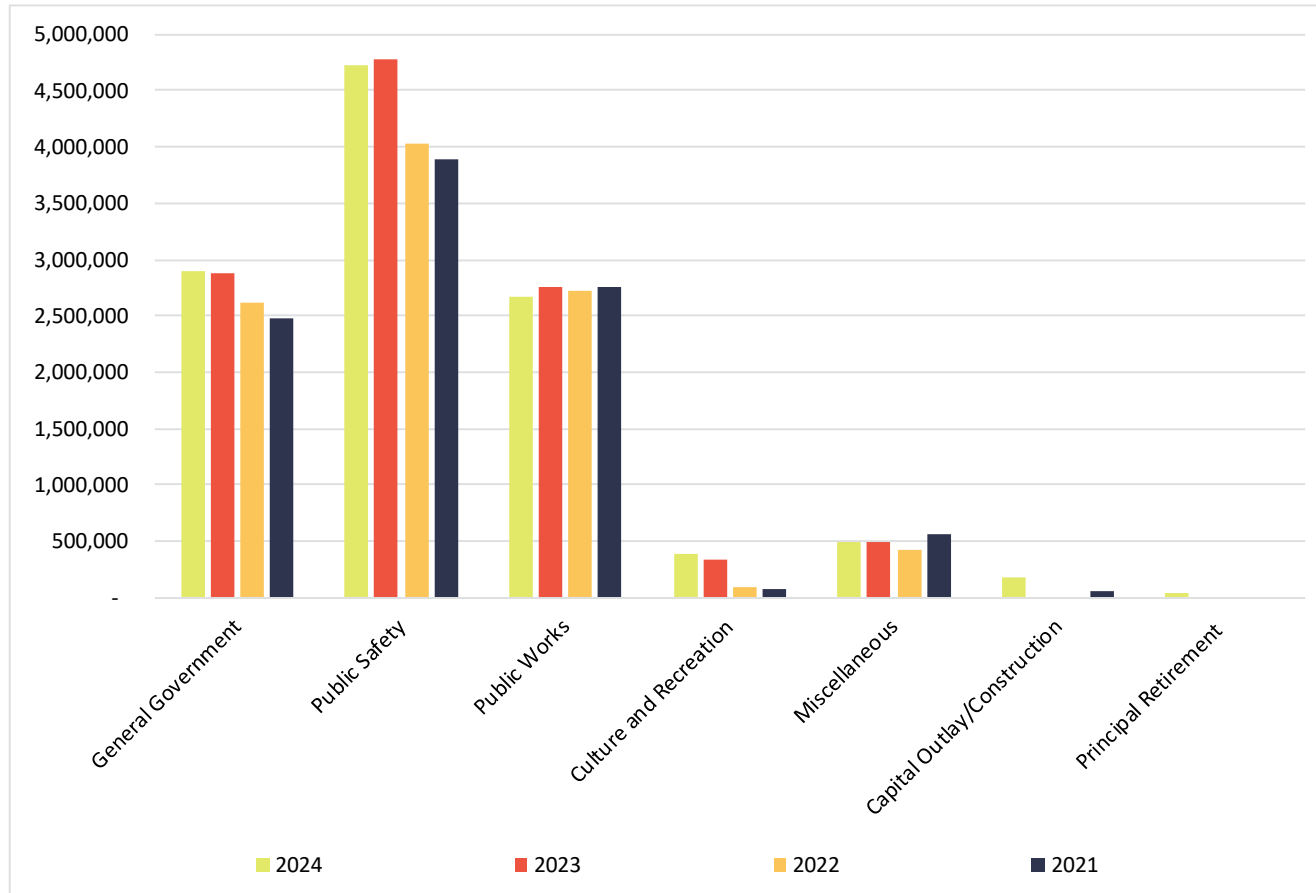


- Revenues increased due to an increase in taxes and intergovernmental revenues
- Expenditures were fairly consistent with prior year
- Transfers out decreased slightly
- Net increase in fund balance of \$284,000
- Ending fund balance of \$7,972,000

# General Fund Revenues



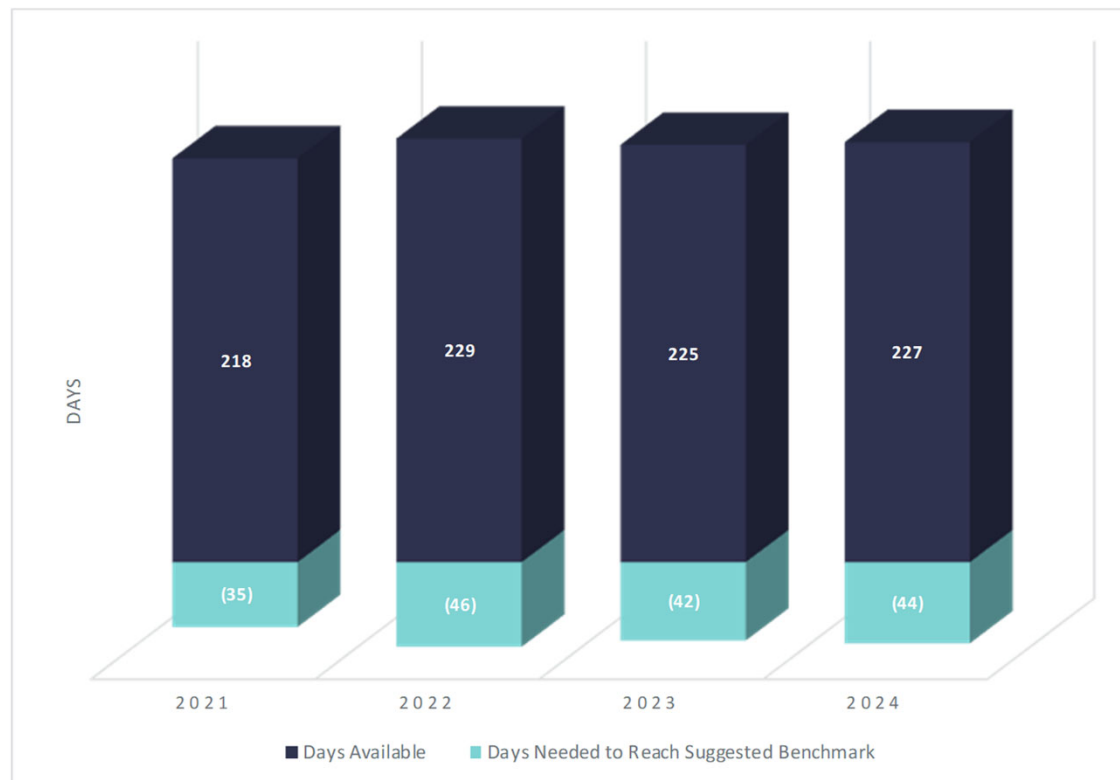
# General Fund Expenditures





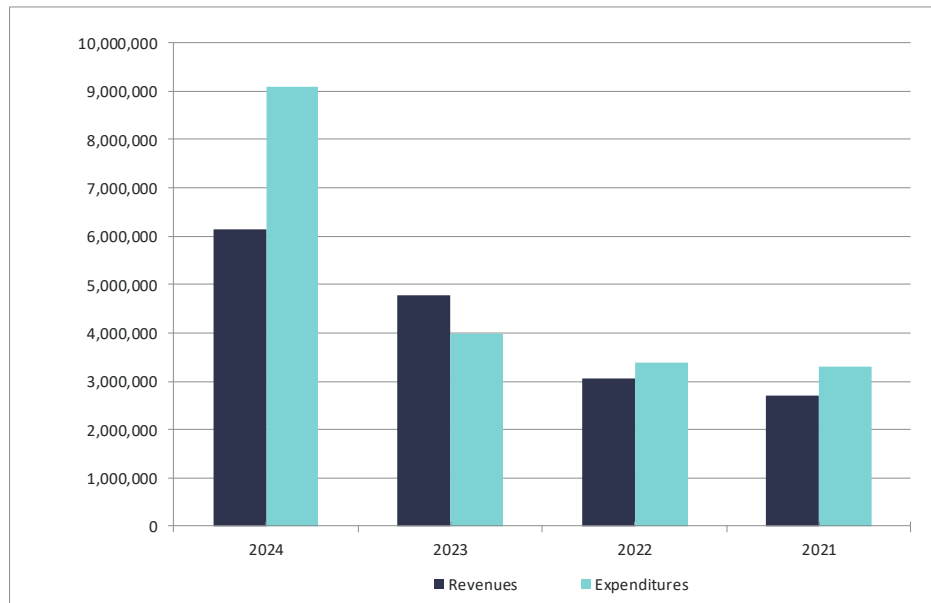
# City's Financial Results

## *General Fund Days Expenditures in Unassigned/Committed Fund Balance*



# Debt Service Funds

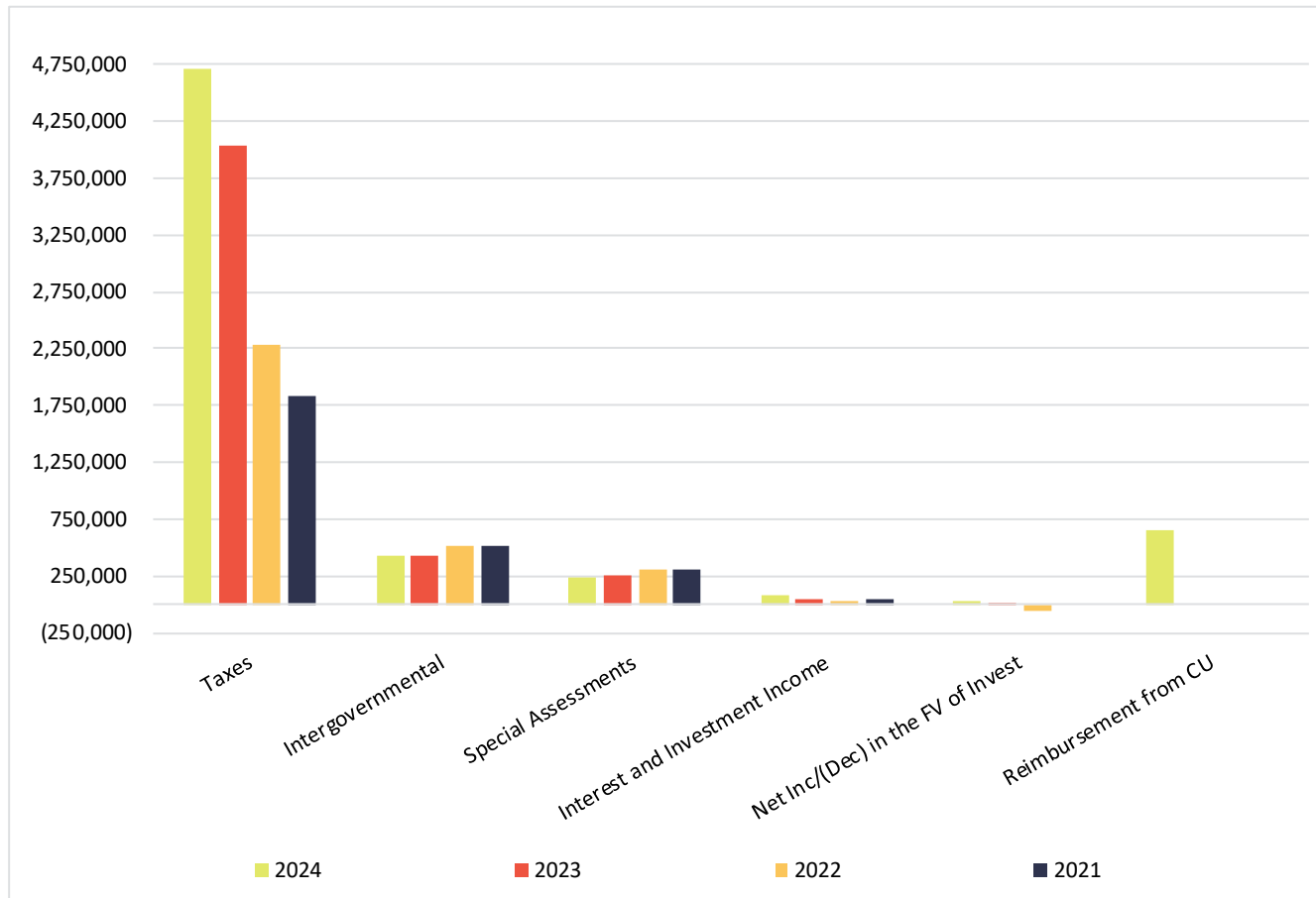
## Revenues and Expenditures



- Combined into one fund
  - Separate internally
- Created a new fund for PUC debt
  - Receivable balance of total debt owed
  - Interest shown as reimbursement from PUC
- Increase in expenditures is due to PUC payment on bonds
- Increase in revenues is due to PUC interest payments
- Current fund balance of \$22,100,000
  - \$15,800,000 relates to PUC

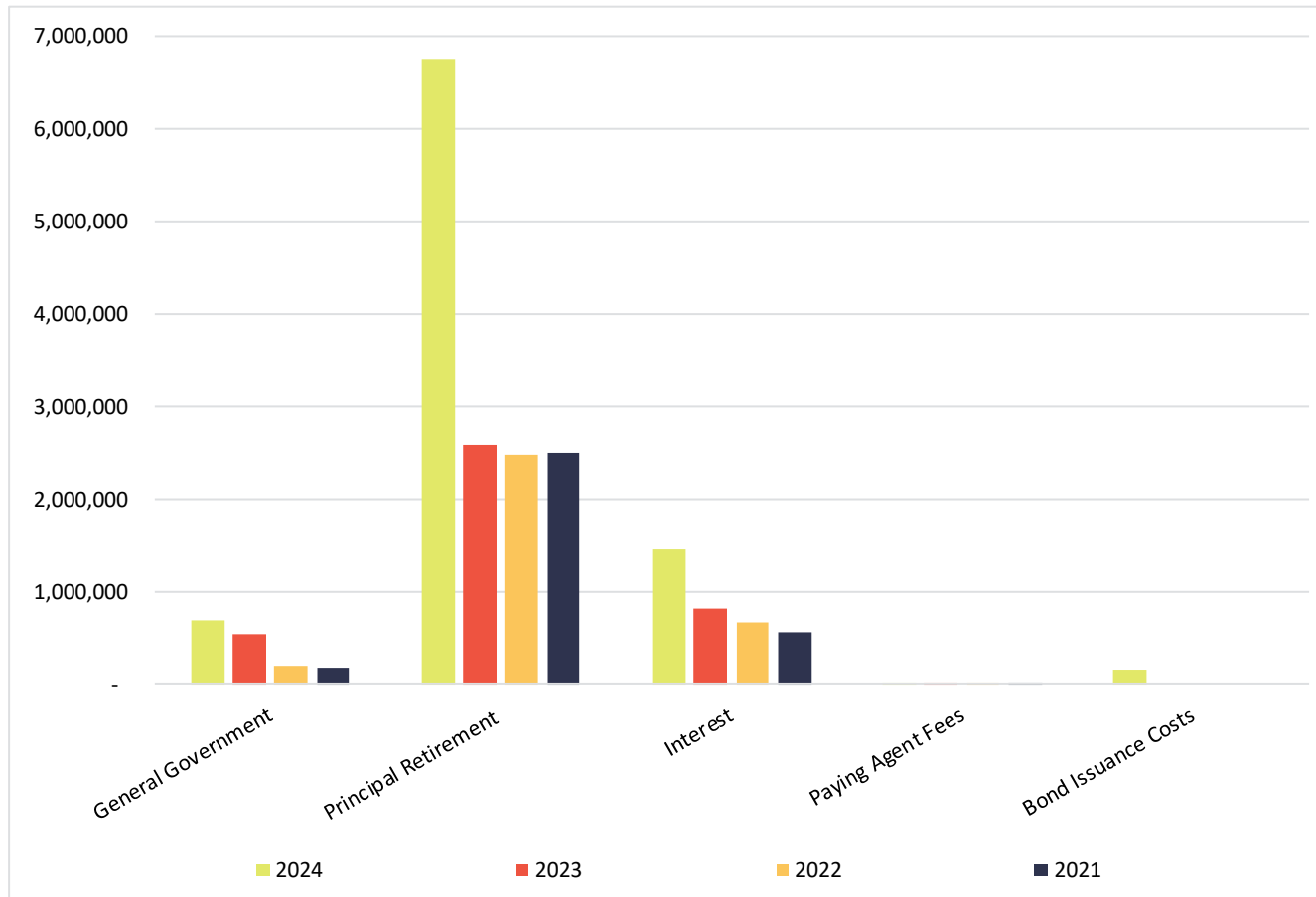
# Debt Service Funds

## Revenues



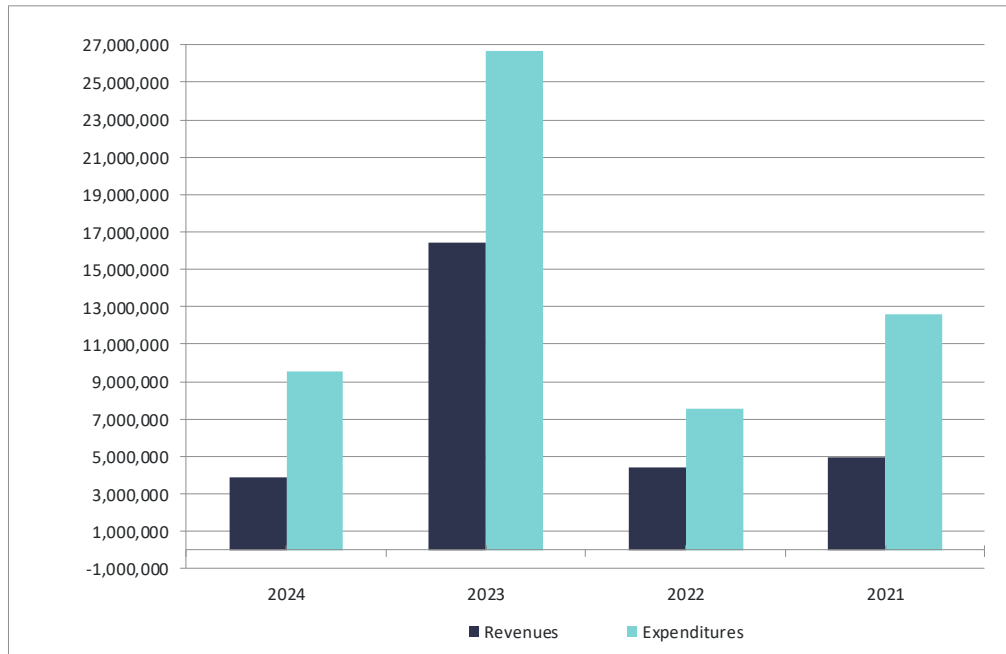
# Debt Service Funds

## Expenditures



# Capital Projects

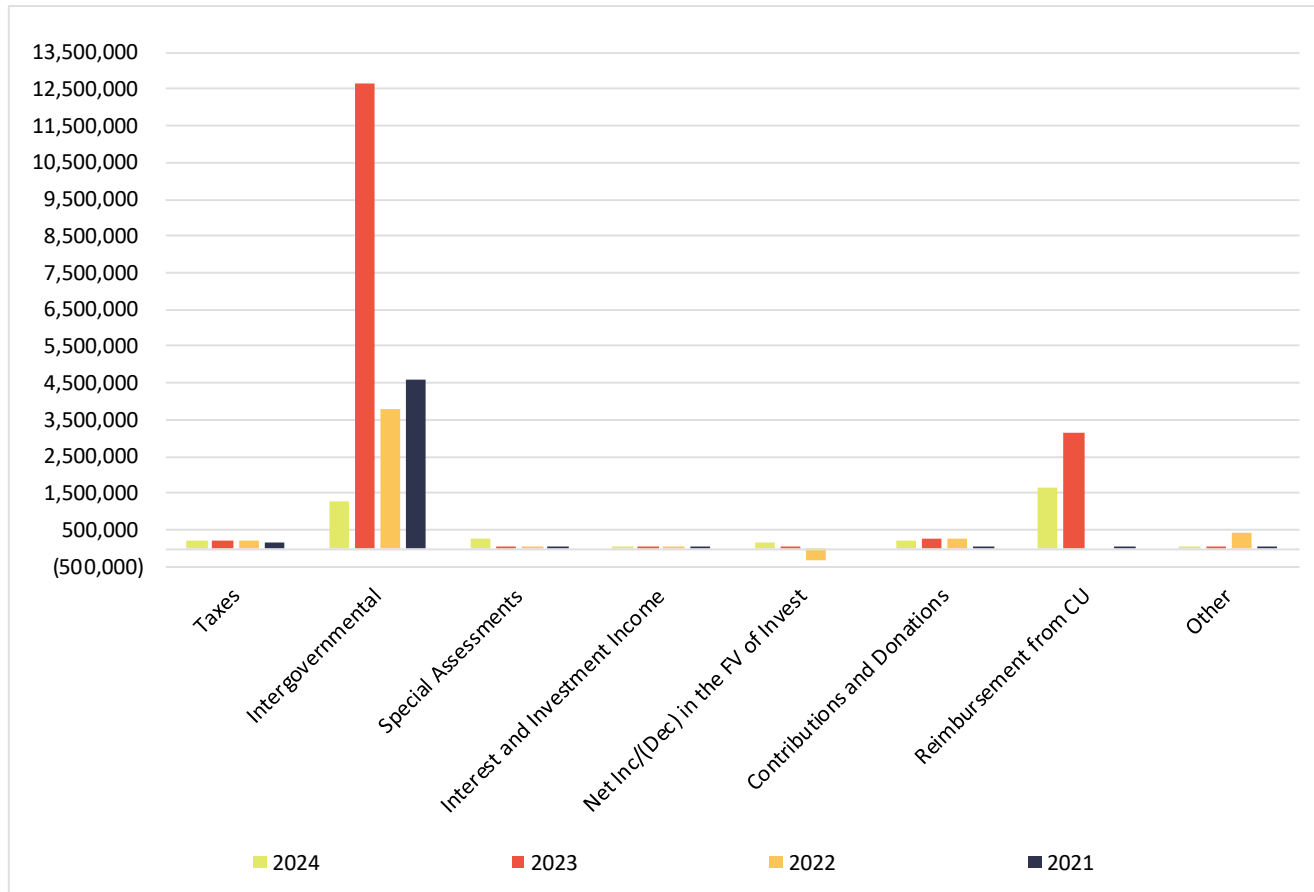
## Revenues and Expenditures



- Combined into one fund
  - Separate internally
- Revenues decreased due to a drop in intergovernmental funding
  - Dependent on projects that are being done
- Expenditures decreased due to a decrease in project
  - Dependent on projects that are being done
- Current fund balance of (\$1,100,000)

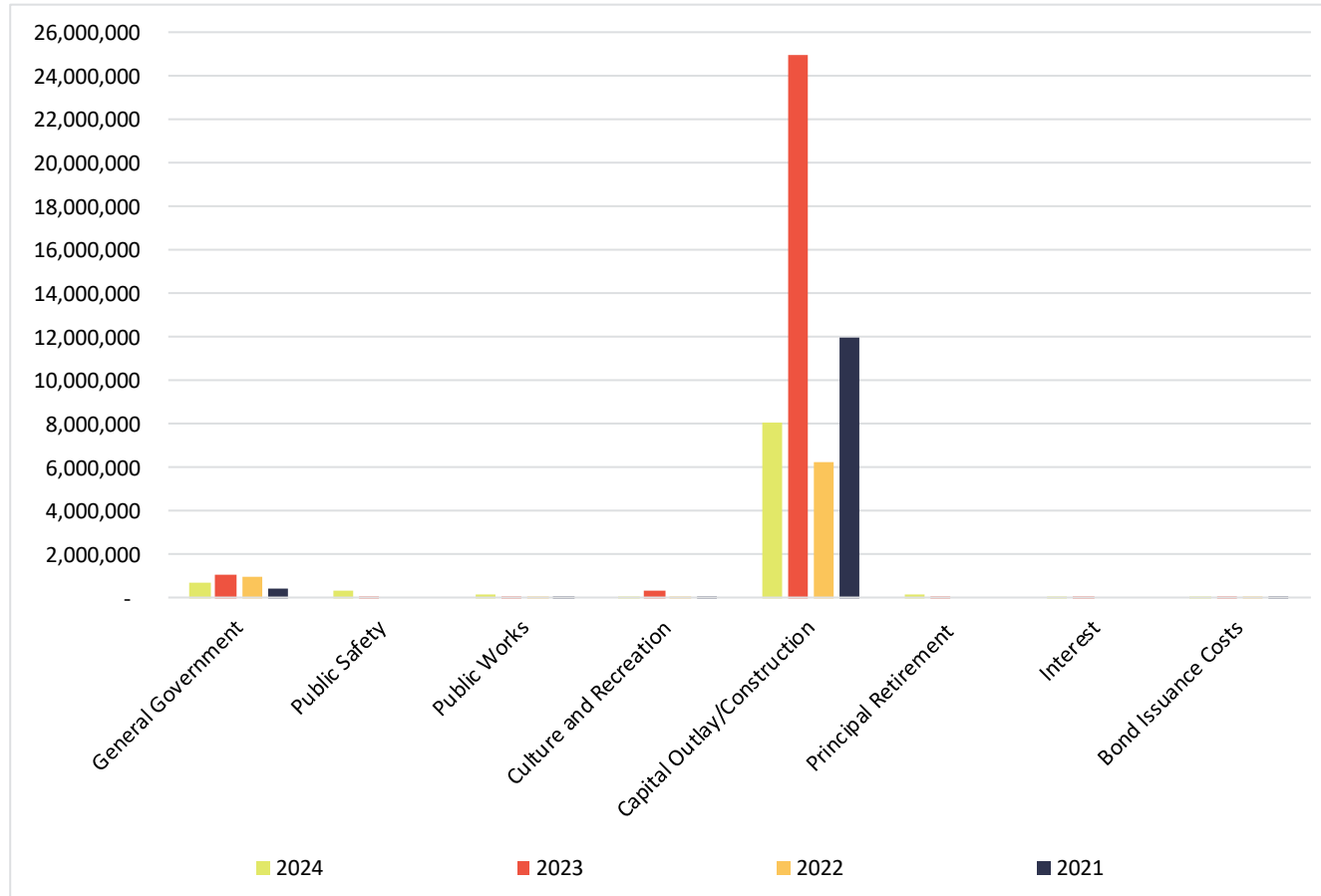
# Capital Projects

## Revenues



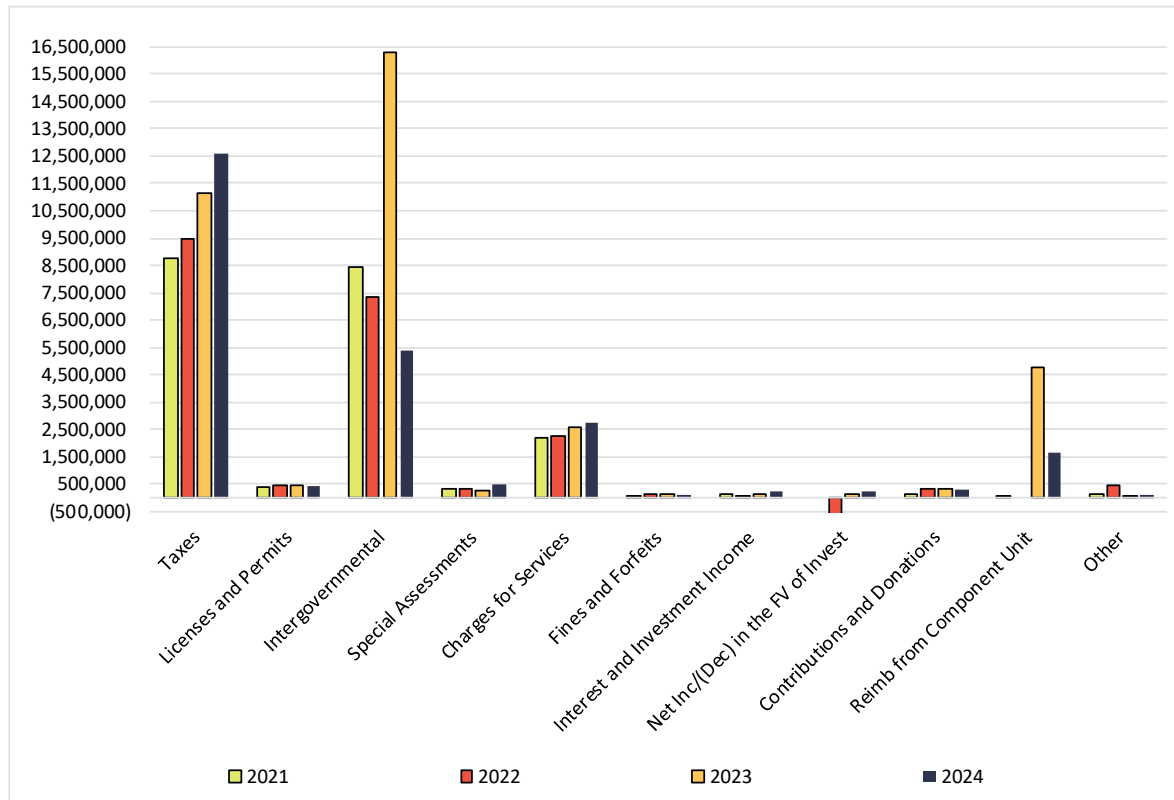
# Capital Projects

## Expenditures



# City's Financial Results (Continued)

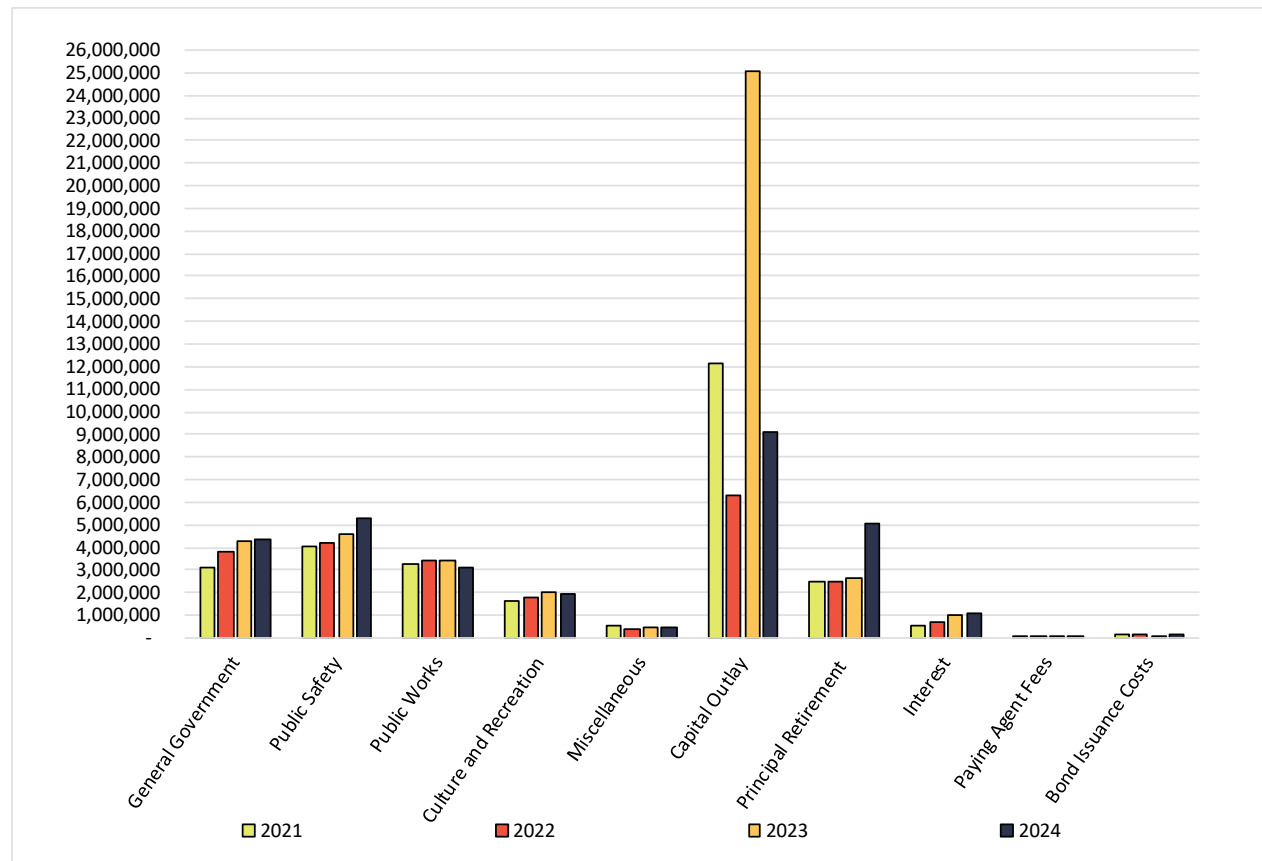
## *All Funds-Total Revenues*





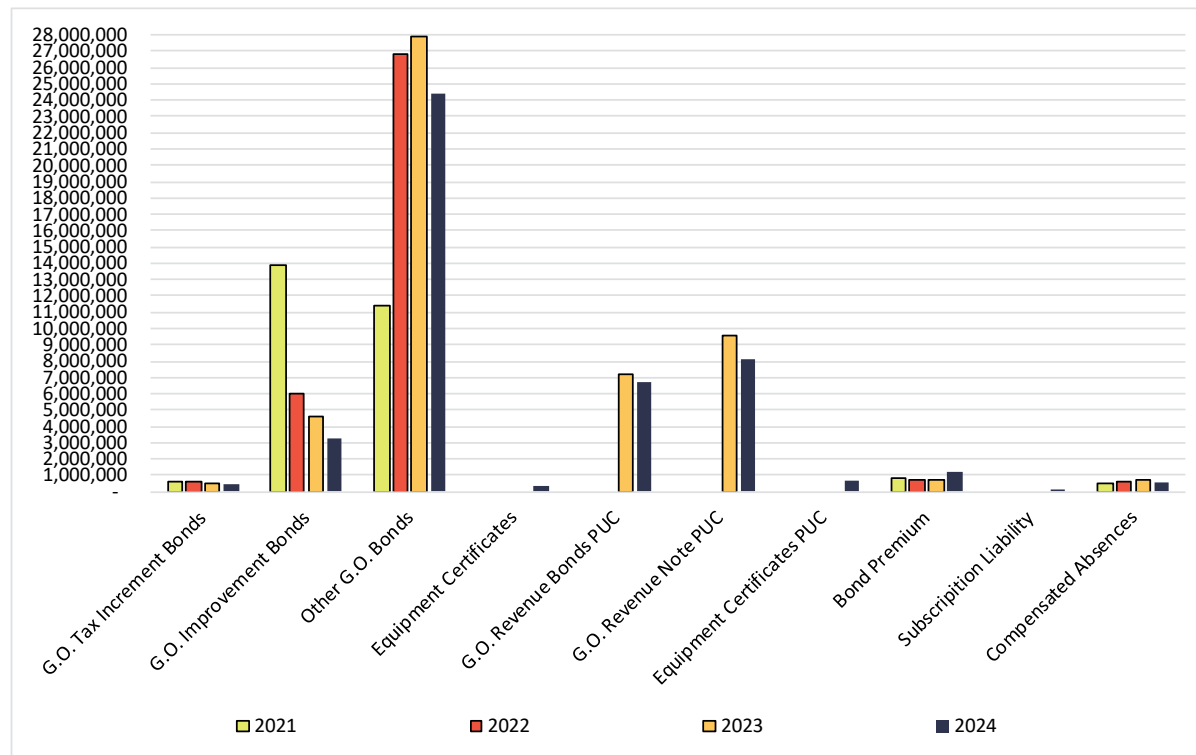
# City's Financial Results (Continued)

## *All Funds-Total Expenditures*



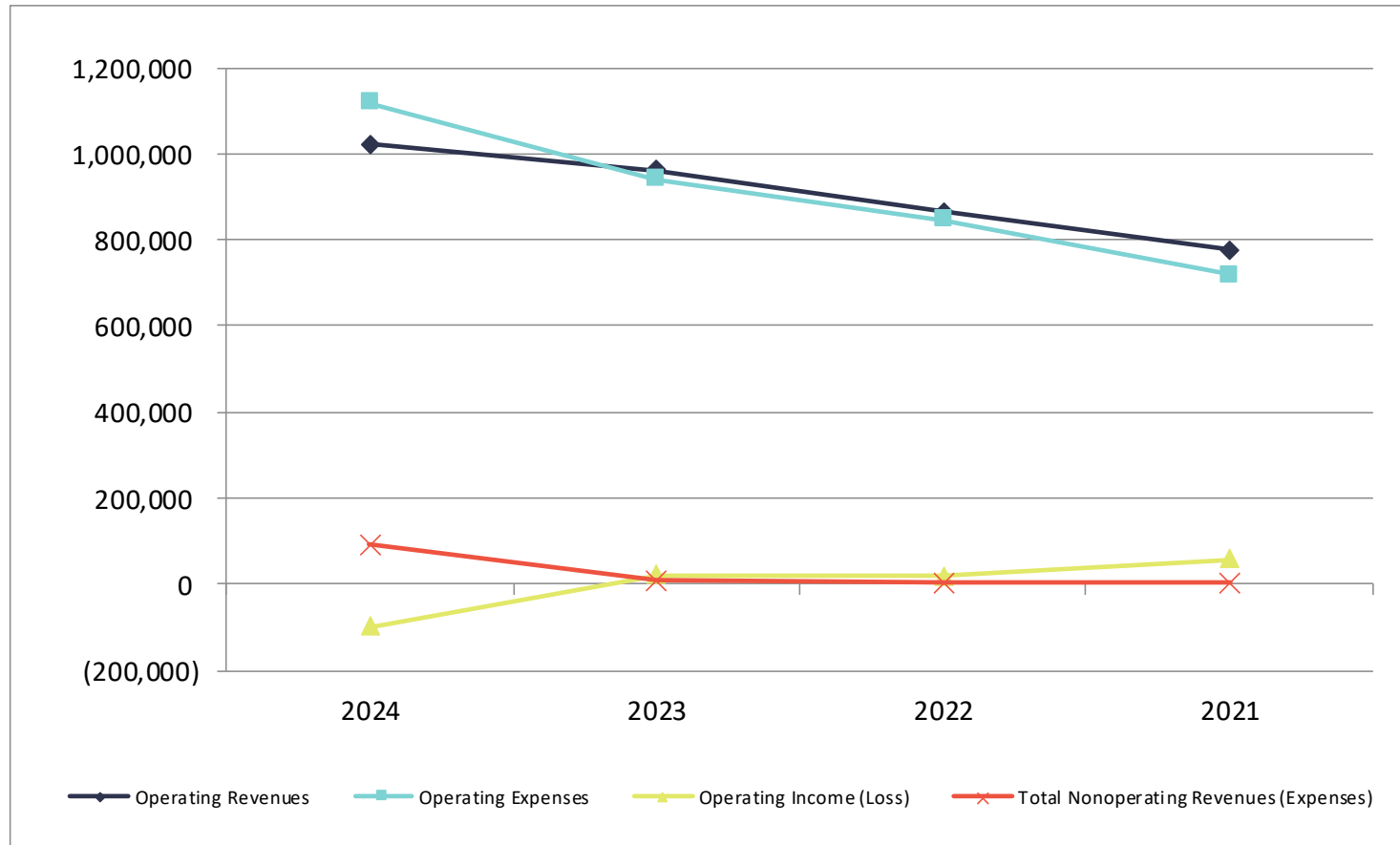
# City's Financial Results (Continued)

## *Total City Debt*



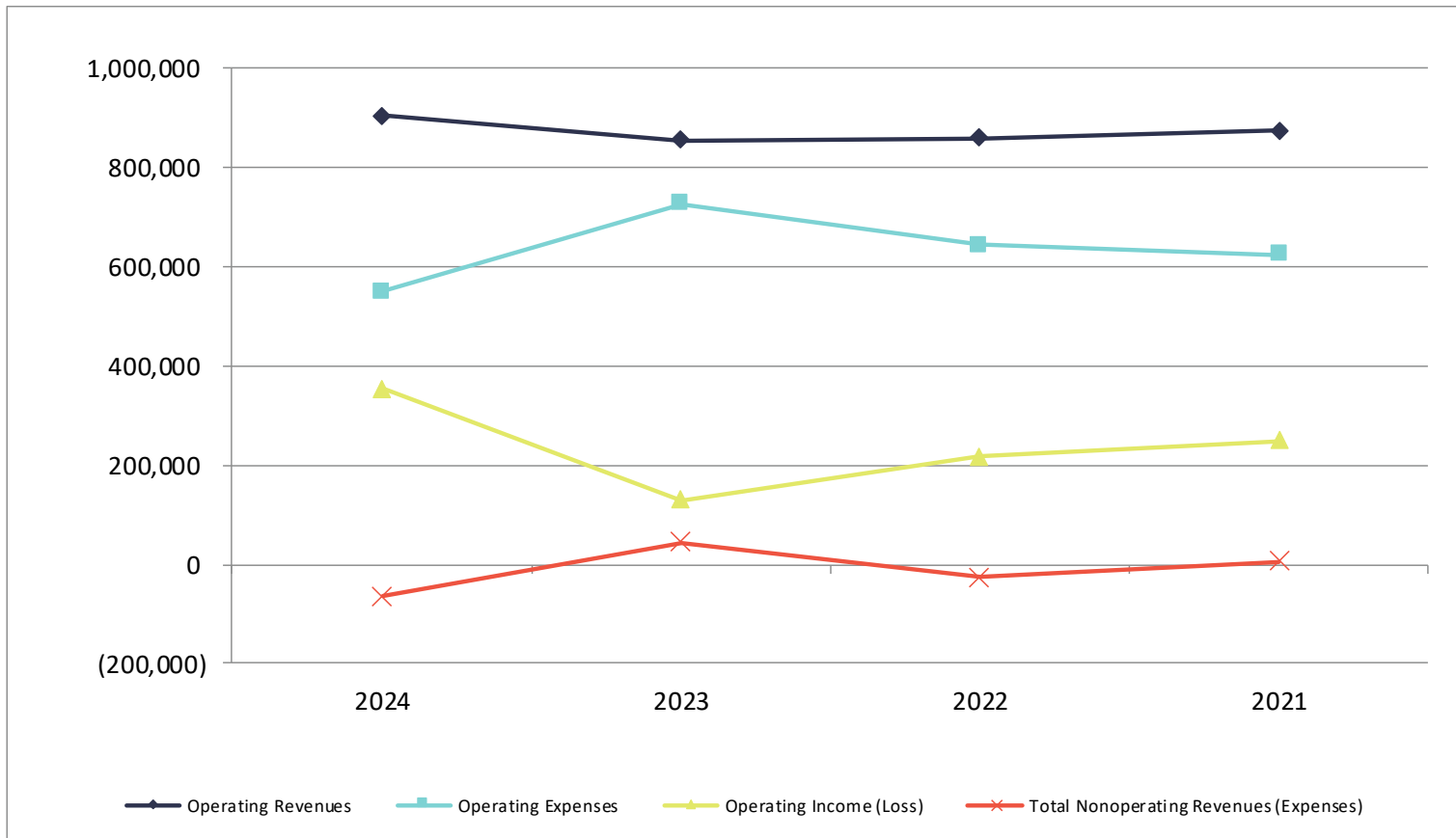
# Enterprise Funds

## Pokegama Golf Course



# Enterprise Funds

## Storm Water Utility



# Insights/ Observations

- Overall Audit Results are Positive
  - Staff conscientious and responsible
  - Staff very responsive to audit inquiries/requests
  - State Reporting Form and GFOA Certificate was submitted timely
- Fund Balance Reserves – General Fund
  - Policy is to made up of four categories:
    - Minimal cash flow – to equal 50% of the following General Fund property tax levy and anticipated local government aids
    - Compensated absences – equal to the sum of flexible time off and compensatory time for all employees each December 31
    - Emergency or unanticipated expenditures – equal to 10% of the prior year General Fund annual revenues
    - Neighborhood and economic development – equal to the principal amount of the sale of the liquor store
  - The calculated targeted general fund unassigned fund balance is \$7.2M and currently the unassigned fund balance in the general fund is \$5.7M



# Insights/ Observations (Continued)

- Yanmar Arena Fund had positive change in fund balance of \$113,500
  - Received \$685,000 in charges for service in 2024
  - Transfer out of \$272,000
  - Fund balance of \$20,000
- Public Library Fund had a positive change in fund balance of \$80,000
  - Fund balance of \$855,600
- Airport Operations Fund had a positive change in fund balance of \$275,000
  - Sale of capital assets of \$245,000
  - Fund balance of \$496,000
- Cemetery Fund had a positive change in fund balance of \$24,000
  - Fund balance of \$188,000



# Insights/ Observations (Continued)

- Open lines of communication with the City
  - Constant communication about joint projects
  - Need to understand the full cost of the projects
    - What grants did the City receive for the project and how does that impact the costs for the PUC
    - Asset needs to be recorded at cost, including any grant funding
    - Once the assets is being used, it needs to be transferred to the PUC
  - Understand when projects are being considered to ensure funding is available
  - Consider creating a policy that each entity can follow



# Questions and Comments



## Thank You for the Opportunity to Serve the City!

*Mary Reedy, CPA, CGFM*  
*Principal*

*CliftonLarsonAllen LLP*

*(320) 203-5534*

*[mary.reedy@CLAconnect.com](mailto:mary.reedy@CLAconnect.com)*

*Eric Smedsrud, CPA*  
*Manager*

*CliftonLarsonAllen LLP*

*(218) 825-2984*

*[Eric.smedsrud@CLAconnect.com](mailto:Eric.smedsrud@CLAconnect.com)*



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