

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF GRAND RAPIDS, MINNESOTA

For The Year Ended
December 31, 2023

Prepared by:

Finance Department

Barbara Baird
Finance Director

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CITY OF GRAND RAPIDS, MINNESOTA
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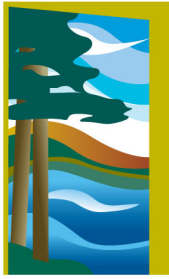
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I. INTRODUCTORY SECTION

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May 9, 2024

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, 2023, 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 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, 2023, 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, 2023, 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 11,346. 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 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 100 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 148 - 155.

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, along with the Minnesota Department of IRRR and MN DEED to facilitate an expansion of Yanmar. The significant expansion of the Grand Rapids production facility includes the addition of a 30,000 square feet addition to the plant, site improvements, assembly layout modifications, additional equipment and staffing. 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.

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.

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 2023 was again in excess of the 20-year annual average of \$29.8M, with permits for projects reaching a total value of \$48.1M. Commercial projects accounted for \$15.0M of the total, which was close to the 20-year average of \$14.5M of annual permitted commercial construction. In terms of the number of permits issued, the 2023 total of 527 permits was the highest since 2019.

In 2023 development highlights included the remodeling and the construction of a 30K sq. ft. addition to the Yanmar Compact Equipment manufacturing plant valued at \$3.8M. The largest single project permitted in 2023 was for the renovation of the IRA Civic Center valued at \$12.0M. Other major projects included a remodeling of the Blandin Foundation Office at \$1.3M and mechanical upgrades at the Grand Rapids Senior High School valued at \$9.5M.

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 which 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. This ensures 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 identifies 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.

In 2023, the City implemented the Subscription-Based Information Technology Arrangements (SBITAs), Governmental Accounting Standards Board (GASB) Statement 96. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs.

Major initiatives

The City is working on several major initiatives as follows:

1. Central School, originally constructed in 1895 as a K-12 school, transferred to the City in 1972, had its last major renovation in 1983, and is in need of major capital improvements. Improvements include, but are not limited to, a new roof/truss system, elevator, HVAC, and bathrooms. The opinion of cost for these improvements are \$7.6 million.
2. With the legalization of cannabis in the State, the City will be required to have at least one dispensary in the corporate limits. This will likely occur in the second quarter of 2025. Prior to this the city staff will be preparing a feasibility study to determine if the dispensary should be municipally owned or privately.
3. Housing will continue to be a focus in 2024. With over 600 new jobs being created, stress on existing housing supplies increase. Key projects are located at the former wastewater treatment plant, Golf Course Road corridor, Block 20/21 across the street from the library, and the former ISD 318 Administration Building.

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, 2022. This was the thirty first consecutive year that the government has received this prestigious award. 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, 2022

Christopher P. Morill

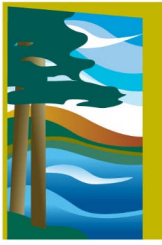
Executive Director/CEO

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GRAND RAPIDS, CITY OF
PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS
 December 31, 2023

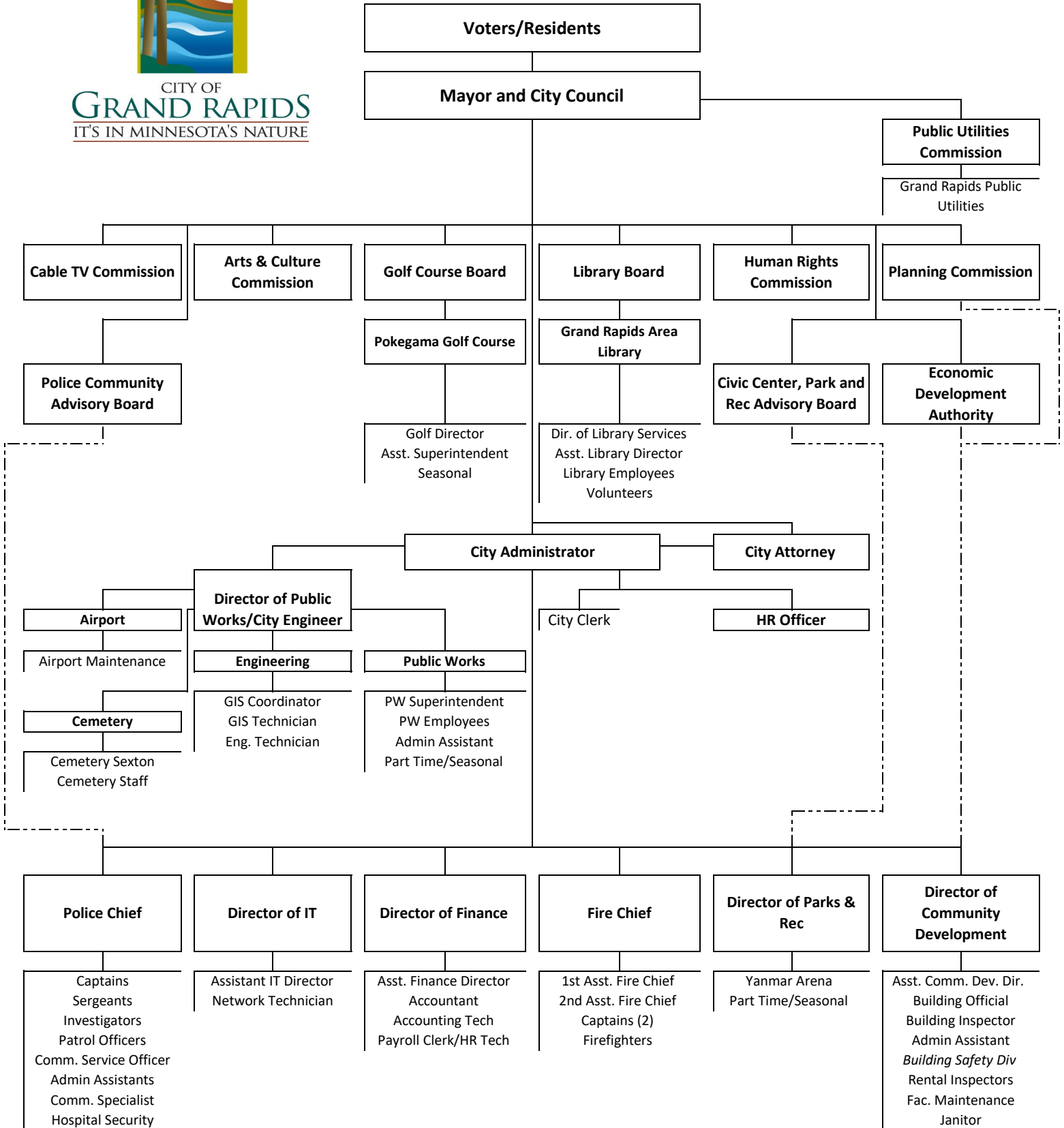
	<u>Term Expires</u>
Mayor: Dale Christy	December 31, 2024
Council Members:	
Dale Adams	December 31, 2024
Tasha Connelly	December 31, 2024
Molly MacGregor	December 31, 2026
Tom Sutherland	December 31, 2026
City Administrator..... Tom Pagel	
Finance Director - Treasurer..... Barbara Baird	
Fire Chief..... Travis Cole	
Director of Library Services..... Will Richter	
Director of Community Development..... Rob Mattei	
Human Resource Officer..... Chery Pierzina	
City Clerk..... Kimberly Gibeau	
Public Works Director / City Engineer..... Matt Wegwerth	
Chief of Police..... Andy Morgan	
Director of Golf Operations..... Bob 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 the City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2023, 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 audit 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 the City of Grand Rapids, Minnesota, as of December 31, 2023, 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 41 percent, 44 percent, and 45 percent, respectively, of the assets, net position, and revenues of the primary government and its discretely presented component units as of December 31, 2023. 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.

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 May 9, 2024 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 the City of Grand Rapids, Minnesota's internal control over financial reporting and compliance.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 9, 2024

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, 2023. 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 \$72,855,026 (net position).

The City's total net position increased by \$7,516,734. The governmental activities of the City increased by \$7,320,888. This increase is due to a \$9,834,000 increase in Capital Assets.

The business-type activities increased by \$195,846 due to a \$253,000 increase in cash and investments.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,930,004. Of this amount, \$7,771,495 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 \$1,173,469. Of that amount, \$1,173,469 was in a non-spendable form, \$37,348 was restricted, \$1,286,122 was committed and \$5,191,745 was unassigned.

The City's total debt increased from \$48,202,301 to \$50,464,516 (excluding compensated absences). The City issued General Obligation Street Reconstruction Bonds, Series 2023A for \$2,220,000 and General Obligation Utility Revenue Bonds, Series 2023B for \$4,575,000 in 2023.

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 33 through 35 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 2023, 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
- GR/Cohasset Industrial Park
- Capital Equipment Replacement
- Civic Center Capital Improvements

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 36 and 37 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 pages 39 through 41 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 statements can be found on pages 42 through 43 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 45 through 97 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 122 through 145 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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$72,855,026 at the close of the most recent fiscal year.

The largest portion of the City’s net position (\$55,787,432 or 77%) 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$41,471,152	\$30,097,256	\$1,180,821	\$944,318	\$42,651,973	\$31,041,574
Capital assets	87,313,116	74,916,682	2,731,558	2,790,676	90,044,674	77,707,358
Total assets	<u>128,784,268</u>	<u>105,013,938</u>	<u>3,912,379</u>	<u>3,734,994</u>	<u>132,696,647</u>	<u>108,748,932</u>
Total deferred outflows of resources	<u>5,197,950</u>	<u>5,948,314</u>	<u>-</u>	<u>-</u>	<u>5,197,950</u>	<u>5,948,314</u>
Liabilities:						
Long-term liabilities outstanding	52,584,116	42,311,561	38,643	18,576	52,622,759	42,330,137
Other liabilities	7,235,713	6,029,493	96,230	112,555	7,331,943	6,142,048
Total liabilities	<u>59,819,829</u>	<u>48,341,054</u>	<u>134,873</u>	<u>131,131</u>	<u>59,954,702</u>	<u>48,472,185</u>
Total deferred inflows of resources	<u>5,065,971</u>	<u>845,668</u>	<u>18,898</u>	<u>41,101</u>	<u>5,084,869</u>	<u>886,769</u>
Net position:						
Net investment in capital assets	53,100,727	47,899,453	2,686,705	2,790,676	55,787,432	50,690,129
Restricted	10,325,138	9,316,590	-	-	10,325,138	9,316,590
Unrestricted	5,670,553	4,559,487	1,071,903	772,086	6,742,456	5,331,573
Total net position	<u>\$69,096,418</u>	<u>\$61,775,530</u>	<u>\$3,758,608</u>	<u>\$3,562,762</u>	<u>\$72,855,026</u>	<u>\$65,338,292</u>

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 \$6,742,456.

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 (\$5,390,306) at December 31, 2023 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	\$4,550,642
Noncurrent assets	-
Deferred inflows of resources	(4,550,995)
Noncurrent liabilities	(5,389,953)
Total	<u><u>(\$5,390,306)</u></u>

Governmental Activities

Governmental activities increased the City’s net position by \$7,320,888 in 2023. Key elements of this increase are as follows:

- Operating grants and contributions increased \$8,523,645 due to due to the city receiving \$2,500,000 in contributions for the CP2015-1 Sylvan Bay Project. The city received over \$5,000,000 in contributions for the GR/Cohasset Industrial Park Project. The Police Department received a one-time Health and Safety grant from the State of Minnesota for \$490,000.
- Capital grants and contributions increased by \$4,196,707 due to due to one-time State Bond in the amount of \$5,500,000 for renovations and ADA compliance items at the Yanmar Arena.
- City sales tax was new in 2023 and amounted to \$1,573,230.
- These increases in revenues were offset by expenses increasing \$9,516,296 due to capital projects that included the Yanmar Arena Renovations, the GR/Cohasset Industrial Park Project and CP2015-1 Sylvan Bay Project.

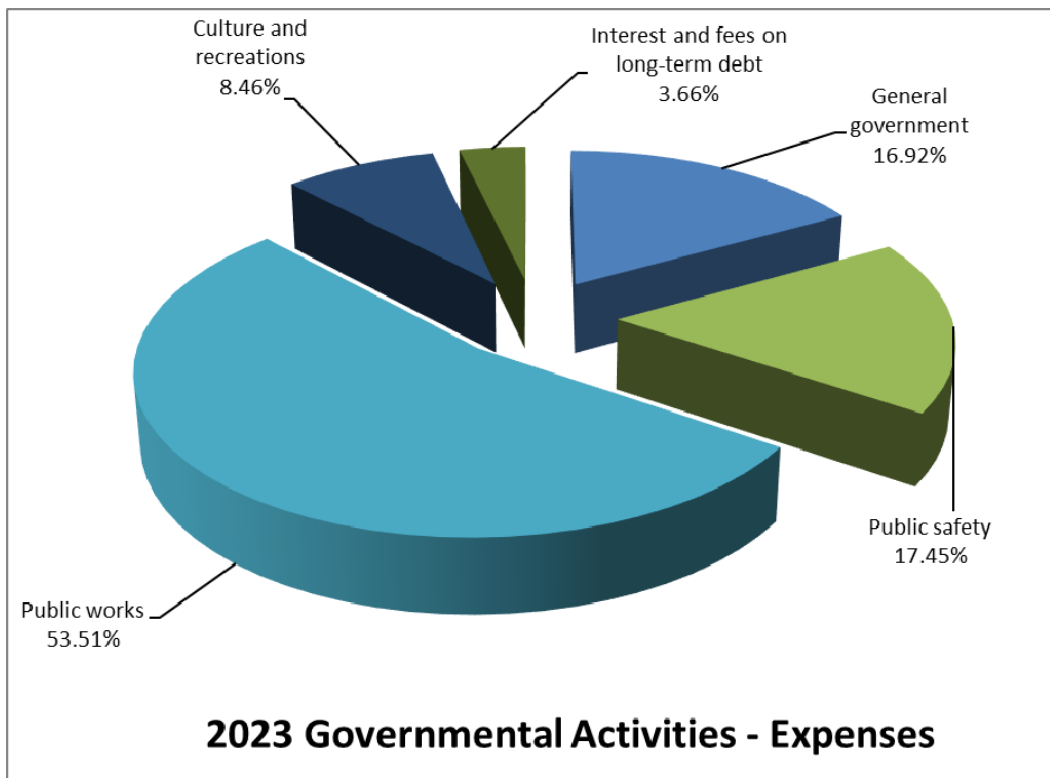
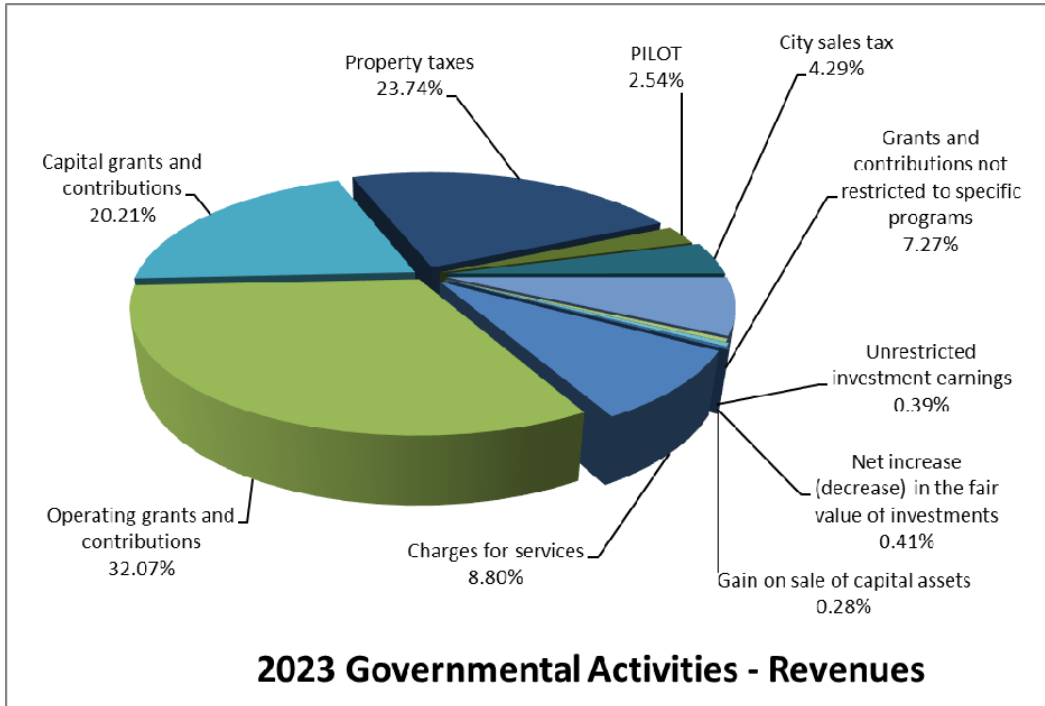
Management's Discussion and Analysis

City of Grand Rapids' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$3,229,662	\$2,953,665	\$1,818,827	\$1,736,148	\$5,048,489	\$4,689,813
Operating grants and contributions	11,772,269	3,248,624	-	-	11,772,269	3,248,624
Capital grants and contributions	7,418,614	3,221,907	20,046	-	7,438,660	3,221,907
General revenues:						
Taxes	8,714,567	8,464,200	-	-	8,714,567	8,464,200
Payments in lieu of taxes (PILOT)	933,281	924,990	-	-	933,281	924,990
City sales tax	1,573,230	-	-	-	1,573,230	-
Grants and contributions not restricted to specific programs	2,669,197	1,766,907	-	-	2,669,197	1,766,907
Unrestricted investment earnings	142,687	88,991	11,264	6,439	153,951	95,430
Net increase (decrease) in the fair value of investments	149,684	(623,194)	12,159	(42,515)	161,843	(665,709)
Gain on sale of capital assets	101,514	3,341	13,925	-	115,439	3,341
Other	-	-	-	-	-	-
Total revenues	<u>36,704,705</u>	<u>20,049,431</u>	<u>1,876,221</u>	<u>1,700,072</u>	<u>38,580,926</u>	<u>21,749,503</u>
Expenses:						
General government	4,972,574	4,615,082	-	-	4,972,574	4,615,082
Public safety	5,127,557	4,678,868	-	-	5,127,557	4,678,868
Public works	15,721,896	7,788,447	-	-	15,721,896	7,788,447
Culture and recreation	2,485,168	2,081,855	-	-	2,485,168	2,081,855
Interest and fees on long-term debt	1,076,622	703,269	-	-	1,076,622	703,269
Golf course	-	-	947,369	858,647	947,369	858,647
Storm water utility	-	-	733,006	654,748	733,006	654,748
Total expenses	<u>29,383,817</u>	<u>19,867,521</u>	<u>1,680,375</u>	<u>1,513,395</u>	<u>31,064,192</u>	<u>21,380,916</u>
Change in net position	7,320,888	181,910	195,846	186,677	7,516,734	368,587
Net position - January 1	<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>
Net position - December 31	<u>\$69,096,418</u>	<u>\$61,775,530</u>	<u>\$3,758,608</u>	<u>\$3,562,762</u>	<u>\$72,855,026</u>	<u>\$65,338,292</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 \$195,846 in 2023. 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 \$37,894 in 2023 compared to an \$21,891 increase in 2022. The Golf Course had a 6.6% increase in number of rounds played.

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 \$171,163 in 2023 compared to a \$189,067 increase in 2022. The increase is due to due to \$13,925 in sales of fixed assets and \$12,450 in insurance recovery money. 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 \$17,930,004. Approximately 7% of this total amount (\$1,301,553) constitutes non-spendable fund balance and approximately 43% (\$7,771,495) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$2,418,974) and assigned (\$2,115,974) by City Council, as well as unassigned fund balance (\$4,322,008). Additional information about the City's fund balance classifications can be found in Note 16.

The general fund balance increased by \$59,844 in 2023, compared to a \$74,292 increase in 2022. Prior to other financing sources and uses, the General Fund balance increased \$715,620 in 2023 compared to a \$472,045 increase in 2022. Key elements of this increase are as follows:

- Intergovernmental revenue increased \$197,058 due to due to the City receiving an additional \$70,000 increase in Local Government Aid. The City received additional insurance aid for the Police and Fire departments.
- Charges for services increased \$410,109 primarily due to \$83,000 increase to rental inspection fees and business subsidy fees. The City collected approximately \$215,800 engineering fees and finance fees for the city construction projects. Unorganized township fire contract fees increased by \$80,000.

The GR/Cohasset Industrial Park fund had a fund balance increase of \$165,310 due to all necessary revenue funding being paid in 2023 for the project which is approximately 97% complete.

The Capital Equipment Replacement fund had a fund balance increase of \$996,491 due to a one-time Public Health and Safety grant in an approximate amount of \$500,000. The city issued \$435,000 of Capital Leases in 2023.

Management's Discussion and Analysis

The Civic Center Capital Improvement fund had a fund balance decrease of \$6,737,685 due to the \$15,500,000 Capital Renovation/ADA Project at the Yanmar Arena being 95% complete.

The non-major special revenue funds increased by \$40,784 for 2023 due to significant change in net increase in the fair valuation of investment and investment income of approximately \$40,000.

The non-major debt service funds increased by \$941,072 for 2023 primarily due to the collection of the Local Sales Tax of .5% for the Yanmar Arena renovation project.

The non-major capital project funds decreased by \$150,407 due to the issuance of the GO Street Reconstruction Bonds, 2023A for the CP 2015-1 Sylvan Bay project.

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 \$21,081. Operating revenues increased by \$96,727 due to a 6.6% increase in the number of rounds played.

The Storm Water Utility had an operating income of \$128,012. Operating revenues decreased by \$4,039 due to uncollectable storm water utility fees. Operating expenses increased by \$83,398 due to a \$30,000 increase in personnel and \$40,000 increase in contracted services.

Budgetary Highlights

General Fund. The General Fund had an increase in fund balance of \$59,844. The General Fund revenues were over budget by \$610,202 due to several items. Licenses and Permits was over by \$132,878 because several large projects happening within the city and management was not aware of them. Charges for services were over budget by \$237,770 due to additional fees collected for rental inspections of \$30,000. Business subsidy fees and finance fees of \$180,000. Intergovernmental revenues were over budget by \$141,534 primarily due to additional monies for Police and Fire insurance aid of approximately \$57,000. The city had several state grants that totaled approximately \$53,500.

Total expenditures were over budget by \$28,633. This is due to the Public Works department with higher personnel costs of approximately \$64,000.

Capital Asset and Debt Administration

Capital assets. The City's gross investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$90,044,674 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment.

Management’s Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$6,978,701	\$6,739,252	\$919,686	\$919,686	\$7,898,387	\$7,658,938
Artwork	182,565	182,565	-	-	182,565	182,565
Construction in progress	16,994,417	14,671,448	-	-	16,994,417	14,671,448
Building and improvements	19,562,850	10,789,935	1,380,727	1,451,047	20,943,577	12,240,982
Vehicles, equipment and furniture	4,897,353	5,050,771	386,940	419,943	5,284,293	5,470,714
Infrastructure	38,259,178	37,482,711	-	-	38,259,178	37,482,711
Right-to-use leased assets - vehicles	438,052	-	44,205	-	482,257	-
Total	\$87,313,116	\$74,916,682	\$2,731,558	\$2,790,676	\$90,044,674	\$77,707,358

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 \$50,464,516 (excluding compensated absences), an increase of \$2,262,215 from 2022. Of the total outstanding amount:

- \$4,620,000 is general obligation improvement debt that is supported in part by special assessments,
- \$540,000 is general obligation tax increment debt which is financed through the City’s economic development program,
- \$27,855,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$7,149,000 are general obligation revenue bonds that are due from the Grand Rapids Public Utilities Commission,
- \$9,575,000 are general obligation revenue notes that are due from the Grand Rapids Public Utilities Commission,
- \$725,516 is a combined total of unamortized bond premiums.

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	
	2023	2022	2023	2022	2023	2022
General obligation improvement bonds	\$4,620,000	\$6,040,000	\$ -	\$ -	\$4,620,000	\$6,040,000
General obligation tax increment bonds	540,000	580,000	-	-	540,000	580,000
Other general obligation bonds	27,855,000	26,765,000	-	-	27,855,000	26,765,000
General obligation revenue bonds - PUC	7,149,000	2,897,500	-	-	7,149,000	2,897,500
General obligation revenue notes - PUC	9,575,000	11,172,000	-	-	9,575,000	11,172,000
Capital leases, loans, bond premium	725,516	747,801	-	-	725,516	747,801
Total	\$50,464,516	\$48,202,301	\$0	\$0	\$50,464,516	\$48,202,301

Management's Discussion and Analysis

The City issued General Obligation Street Reconstruction Bonds, Series 2023A for \$2,220,000 and General Obligation Utility Revenue Bonds, Series 2023B for \$4,575,000 in 2023.

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 \$31,986,987. Of the City's outstanding debt, \$21,930,646 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 Authority	Utilities Commission
Assets:					
Cash and investments	\$16,953,508	\$1,183,760	\$18,137,268	\$1,103,536	\$6,947,782
Accrued interest receivable	21,218	-	21,218	-	83,587
Due from other governmental units	2,640,869	-	2,640,869	156	-
Due from primary government	-	-	-	-	115,442
Due from component units	16,780,548	71,699	16,852,247	-	-
Accounts receivable - net	171,289	7,487	178,776	37,566	3,014,529
Pledges receivable	6,500	-	6,500	-	-
Internal balances	116,192	(116,192)	-	-	-
Prepaid items	343,925	15,169	359,094	-	157,979
Property taxes receivable	347,507	-	347,507	-	-
Special assessments receivable	2,222,296	-	2,222,296	-	-
Inventories - at cost	-	-	-	-	760,068
Other receivable	-	-	-	-	73,418
Land held for resale	-	-	-	2,657,072	-
Lease receivable	390,322	18,898	409,220	-	1,531,351
Notes receivable	300,000	-	300,000	575,846	-
Designated cash and investments	-	-	-	-	2,309,721
Restricted accounts receivable	-	-	-	-	9,949,850
Financial assurance landfill closure	-	-	-	-	4,916,394
Net pension asset	1,176,978	-	1,176,978	-	-
Capital assets - nondepreciable	24,155,683	919,686	25,075,369	-	2,205,803
Capital assets - net of accumulated depreciation	63,157,433	1,811,872	64,969,305	-	62,195,927
Other assets	-	-	-	-	109,416
Non-utility property - net of amortization	-	-	-	-	485,297
Total assets	128,784,268	3,912,379	132,696,647	4,374,176	94,856,564
Deferred outflows of resources:					
Service territory acquisition	-	-	-	-	116,905
Loss on refunding	-	-	-	-	63,360
Related to pensions	4,946,222	-	4,946,222	-	553,590
Related to OPEB	251,728	-	251,728	-	-
Total deferred outflows of resources	5,197,950	0	5,197,950	0	733,855
Liabilities:					
Accounts payable	723,899	12,525	736,424	41,099	1,273,752
Accrued wages payable	153,552	4,037	157,589	-	69,553
Due to other governmental units	21,855	1,595	23,450	9,081	95,594
Due to component units	111,613	5,854	117,467	-	-
Contracts payable	911,186	-	911,186	-	-
Deposits payable	15,769	30,000	45,769	-	377,575
Accrued interest payable	270,715	383	271,098	-	21,935
Unearned revenue	356,716	7,832	364,548	646,508	-
Due to primary government:					
Due within one year	-	-	-	37,790	2,058,646
Due in more than one year	-	-	-	-	14,984,831
Compensated absences:					
Due within one year	90,877	25,979	116,856	-	214,287
Due in more than one year	596,737	1,815	598,552	-	98,534
Net pension liability:					
Due in more than one year	5,389,953	-	5,389,953	-	2,108,142
Landfill closure costs:					
Due in more than one year	-	-	-	-	2,342,354
Noncurrent liabilities:					
Due within one year	4,478,000	-	4,478,000	17,500	-
Due in more than one year	45,986,516	-	45,986,516	1,378,578	-
Lease liabilities:					
Due within one year	81,117	8,025	89,142	-	-
Due in more than one year	351,166	36,828	387,994	-	-
Other post employment benefits:					
Due within one year	20,414	-	20,414	-	-
Due in more than one year	259,744	-	259,744	-	-
Total liabilities	59,819,829	134,873	59,954,702	2,130,556	23,645,203
Deferred inflows of resources:					
Demand payment deferral	-	-	-	-	9,949,850
Related to leases	390,322	18,898	409,220	-	1,531,351
Related to pensions	4,642,338	-	4,642,338	-	715,156
Related to other post employment benefits	33,311	-	33,311	-	-
Other deferred credits	-	-	-	-	28,497
Total deferred inflows of resources	5,065,971	18,898	5,084,869	0	12,224,854
Net position:					
Net investment in capital assets	53,100,727	2,686,705	55,787,432	-	47,512,259
Restricted for:					
Debt service	8,399,366	-	8,399,366	-	-
Public safety	468,602	-	468,602	-	-
Itasca County share of airport	109,518	-	109,518	-	-
Pensions	1,176,978	-	1,176,978	-	-
Financial assurance	-	-	-	-	2,574,040
Other purposes	170,674	-	170,674	-	-
Unrestricted	5,670,553	1,071,903	6,742,456	2,243,620	9,634,063
Total net position	\$69,096,418	\$3,758,608	\$72,855,026	\$2,243,620	\$59,720,362

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$4,972,574	\$960,267	\$1,205,606	\$30,000
Public safety	5,127,557	1,006,901	1,187,474	-
Public works	15,721,896	498,520	9,314,062	1,888,614
Culture and recreation	2,485,168	763,974	52,250	5,500,000
Interest and fees on long-term debt	1,076,622	-	12,877	-
Total governmental activities	<u>29,383,817</u>	<u>3,229,662</u>	<u>11,772,269</u>	<u>7,418,614</u>
Business-type activities:				
Golf course	947,369	963,245	-	7,600
Storm water utility	733,006	855,582	-	12,446
Total business-type activities	<u>1,680,375</u>	<u>1,818,827</u>	<u>0</u>	<u>20,046</u>
Total primary government	<u>\$31,064,192</u>	<u>\$5,048,489</u>	<u>\$11,772,269</u>	<u>\$7,438,660</u>
Component units:				
Economic Development Authority	\$1,305,246	\$23,145	\$150,720	\$ -
Public Utilities Commission	28,680,475	26,028,875	-	5,641,310
Total component units	<u>\$29,985,721</u>	<u>\$26,052,020</u>	<u>\$150,720</u>	<u>\$5,641,310</u>
General revenues:				
General property taxes				
Payments in lieu of taxes (PILOT)				
City sales tax				
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, as previously stated				
Correction of an error				
Net position - January 1, as restated				
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
(\$2,776,701)	\$ -	(\$2,776,701)	\$ -	\$ -
(2,933,182)	-	(2,933,182)	-	-
(4,020,700)	-	(4,020,700)	-	-
3,831,056	-	3,831,056	-	-
(1,063,745)	-	(1,063,745)	-	-
<u>(6,963,272)</u>	<u>0</u>	<u>(6,963,272)</u>	<u>0</u>	<u>0</u>
-	23,476	23,476	-	-
-	135,022	135,022	-	-
<u>0</u>	<u>158,498</u>	<u>158,498</u>	<u>0</u>	<u>0</u>
<u>(6,963,272)</u>	<u>158,498</u>	<u>(6,804,774)</u>	<u>0</u>	<u>0</u>
			(1,131,381)	-
			-	2,989,710
			<u>(1,131,381)</u>	<u>2,989,710</u>
8,714,567	-	8,714,567	75,083	-
933,281	-	933,281	-	-
1,573,230	-	1,573,230	-	-
2,669,197	-	2,669,197	3,706	-
142,687	11,264	153,951	14,268	232,714
149,684	12,159	161,843	9,934	-
101,514	13,925	115,439	117,990	-
<u>14,284,160</u>	<u>37,348</u>	<u>14,321,508</u>	<u>220,981</u>	<u>232,714</u>
7,320,888	195,846	7,516,734	(910,400)	3,222,424
<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>
-	-	-	-	3,170,782
<u>61,775,530</u>	<u>3,562,762</u>	<u>65,338,292</u>	<u>3,154,020</u>	<u>56,497,938</u>
<u>\$69,096,418</u>	<u>\$3,758,608</u>	<u>\$72,855,026</u>	<u>\$2,243,620</u>	<u>\$59,720,362</u>

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

	101 General Fund	403 GR/Cohasset Industrial Park	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$5,552,168	\$197,586	\$747,967	\$597,541	\$9,858,246	\$16,953,508
Accrued interest receivable	21,218	-	-	-	-	21,218
Due from other governmental units	301,868	210,691	-	125,306	1,997,465	2,635,330
Due from other funds	799,670	-	-	-	-	799,670
Due from component units	18,758	-	-	-	37,790	56,548
Accounts receivable	134,493	-	-	-	36,796	171,289
Pledges receivable	-	-	-	-	6,500	6,500
Interfund loan receivable	957,628	-	-	-	-	957,628
Prepaid items	215,841	-	103,681	-	24,403	343,925
Taxes receivable - delinquent	307,114	-	-	-	40,393	347,507
Special assessments receivable	52,610	-	-	-	2,199,686	2,252,296
Lease receivable	-	-	-	-	390,322	390,322
Note receivable	300,000	-	-	-	-	300,000
Total assets	\$8,661,368	\$408,277	\$851,648	\$722,847	\$14,591,601	\$25,235,741
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$107,830	\$8,316	\$61,106	\$21,331	\$525,316	\$723,899
Accrued wages payable	137,402	-	-	-	16,150	153,552
Due to other governmental units	19,779	-	-	-	2,076	21,855
Due to component units	35,004	-	31,535	-	45,074	111,613
Contracts payable	-	226,960	-	342,689	341,537	911,186
Due to other funds	-	-	-	-	799,670	799,670
Deposits payable	12,670	-	-	-	3,099	15,769
Interfund loan payable	-	-	891,610	-	23,242	914,852
Unearned revenue	275	169,453	-	-	186,988	356,716
Total liabilities	312,960	404,729	984,251	364,020	1,943,152	4,009,112
Deferred inflows of resources:						
Related to leases	-	-	-	-	390,322	390,322
Unavailable revenue	659,724	-	-	-	2,246,579	2,906,303
Total deferred inflows of resources	659,724	0	0	0	2,636,901	3,296,625
Fund balances:						
Nonspendable	1,173,469	-	103,681	-	24,403	1,301,553
Restricted	37,348	-	468,602	-	7,265,545	7,771,495
Committed	1,286,122	-	-	-	1,132,852	2,418,974
Assigned	-	3,548	-	358,827	1,753,599	2,115,974
Unassigned	5,191,745	-	(704,886)	-	(164,851)	4,322,008
Total fund balances	7,688,684	3,548	(132,603)	358,827	10,011,548	17,930,004
Total liabilities, deferred inflows of resources, and fund balances	\$8,661,368	\$408,277	\$851,648	\$722,847	\$14,591,601	\$25,235,741
Fund balance reported above						\$17,930,004
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.						87,313,116
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						347,507
Assessments not yet due or delinquent						2,222,296
Pledges not yet due						6,500
Due from other governmental units						5,539
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 and unamortized bond premium						(33,740,516)
Lease liabilities						(432,283)
Accrued interest payable						(270,715)
Compensated absences payable						(687,614)
Other post employment benefits						(61,741)
An internal service fund is used by management to charge the costs of pension and other post employment benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position.						(5,316,890)
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						1,176,978
Deferred outflows of resources						395,580
Deferred inflows of resources						(91,343)
Net position of governmental activities						\$69,096,418

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, 2023

Statement 4

	101 General Fund	403 GR/Cohasset Industrial Park	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	Other Governmental Funds	Totals Governmental Funds
Revenues:						
Taxes:						
General property	\$5,067,736	\$ -	\$210,717	\$ -	\$2,778,891	\$8,057,344
Tax abatements	-	-	-	-	38,313	38,313
Tax increments	-	-	-	-	566,948	566,948
Payments in lieu of taxes (PILOT)	933,281	-	-	-	-	933,281
City sales tax	-	-	-	-	1,573,230	1,573,230
Licenses and permits	440,743	-	-	-	-	440,743
Intergovernmental	2,912,395	3,189,428	504,148	5,500,000	4,211,225	16,317,196
Special assessments	3,202	-	-	-	261,438	264,640
Charges for services	1,630,939	-	-	-	938,580	2,569,519
Fines and forfeits	65,645	-	-	-	44,924	110,569
Interest and investment income	49,901	-	3,206	-	89,580	142,687
Net increase (decrease) in the fair value of investments	64,814	-	3,774	4,827	76,269	149,684
Contributions and donations	20,161	-	-	-	335,113	355,274
Reimbursement from component units	-	1,841,912	-	-	2,955,365	4,797,277
Other	26,712	-	3,300	-	18,013	48,025
Total revenues	<u>11,215,529</u>	<u>5,031,340</u>	<u>725,145</u>	<u>5,504,827</u>	<u>13,887,889</u>	<u>36,364,730</u>
Expenditures:						
Current:						
General government	2,652,661	-	36,819	-	1,575,870	4,265,350
Public safety	4,362,075	-	82,397	-	161,843	4,606,315
Public works	2,746,117	-	11,029	-	634,614	3,391,760
Culture and recreation	249,548	-	-	-	1,794,677	2,044,225
Miscellaneous	475,302	-	-	-	-	475,302
Capital outlay/construction	14,206	4,866,030	481,504	12,202,705	7,540,863	25,105,308
Debt service:						
Principal retirement	-	-	26,917	-	2,592,345	2,619,262
Interest	-	-	8,076	-	1,032,482	1,040,558
Paying agent fees	-	-	-	-	7,575	7,575
Bond issuance costs	-	-	-	-	72,562	72,562
Total expenditures	<u>10,499,909</u>	<u>4,866,030</u>	<u>646,742</u>	<u>12,202,705</u>	<u>15,412,831</u>	<u>43,628,217</u>
Revenues over (under) expenditures	<u>715,620</u>	<u>165,310</u>	<u>78,403</u>	<u>(6,697,878)</u>	<u>(1,524,942)</u>	<u>(7,263,487)</u>
Other financing sources (uses):						
Lease issuance	-	-	435,668	-	34,672	470,340
Bond issuance	-	-	-	-	2,220,000	2,220,000
Bond premium	-	-	-	-	35,700	35,700
Sale of capital assets	1,414	-	39,420	-	60,680	101,514
Insurance recoveries	51,334	-	-	-	822	52,156
Transfers in	39,807	-	471,000	-	774,983	1,285,790
Transfers out	(748,331)	-	(28,000)	(39,807)	(469,652)	(1,285,790)
Total other financing sources (uses)	<u>(655,776)</u>	<u>0</u>	<u>918,088</u>	<u>(39,807)</u>	<u>2,657,205</u>	<u>2,879,710</u>
Net change in fund balance	59,844	165,310	996,491	(6,737,685)	1,132,263	(4,383,777)
Fund balance - January 1	<u>7,628,840</u>	<u>(161,762)</u>	<u>(1,129,094)</u>	<u>7,096,512</u>	<u>8,879,285</u>	<u>22,313,781</u>
Fund balance - December 31	<u>\$7,688,684</u>	<u>\$3,548</u>	<u>(\$132,603)</u>	<u>\$358,827</u>	<u>\$10,011,548</u>	<u>\$17,930,004</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, 2023

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) (\$4,383,777)

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 and amortization	(4,366,857)
Capital outlay	25,105,308
Capital outlay not capitalized	(8,332,217)
Contribution of land from discretely presented component unit	232,288

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. (242,088)

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	51,962
Change in deferred and delinquent special assessments	(60,969)
Change in pledges receivable	(2,000)
Change in other receivable	(69,513)

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of these differences are:

Proceeds from the issuance of bonds	(2,220,000)
Proceeds from the issuance of leases	(458,786)
Principal payments on bonds payable	2,590,000
Principal payments on leases payable	26,503
Current year amortization of bond premium	22,285
Change in due from other governmental units accrual related to a federal credit on BAB bonds	(2,591)

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	(43,791)
Change in other post employment benefits	(31,197)
Change in accrued interest payable	(13,912)

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	96,252
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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.

(576,012)

Change in net position of governmental activities (Statement 2)

\$7,320,888

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

	Business-Type Activities - Enterprise Funds			Governmental
	613 Pokegama Golf Course	655 Storm Water Utility	Totals	Internal Service
Assets:				
Current assets:				
Cash and cash equivalents	\$281,696	\$902,064	\$1,183,760	\$ -
Due from component units	-	71,699	71,699	-
Due from other governmental units	-	-	-	-
Accounts receivable	776	6,711	7,487	-
Prepaid items	15,169	-	15,169	-
Lease receivable	18,898	-	18,898	-
Total current assets	316,539	980,474	1,297,013	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	1,114,326	489,321	1,603,647	-
Right-to-use leased assets - vehicles	-	46,532	46,532	-
Total capital assets	4,589,956	584,058	5,174,014	0
Less: Allowance for depreciation and amortization	(2,063,576)	(378,880)	(2,442,456)	-
Net capital assets	2,526,380	205,178	2,731,558	0
Total noncurrent assets	2,526,380	205,178	2,731,558	0
Total assets	2,842,919	1,185,652	4,028,571	0
Deferred outflows of resources - related to pensions	-	-	-	4,550,642
Liabilities:				
Current liabilities:				
Accounts payable	10,895	1,630	12,525	-
Accrued wages payable	2,942	1,095	4,037	-
Due to other governmental units	1,595	-	1,595	-
Due to component units	1,454	4,400	5,854	-
Accrued interest payable	383	-	383	-
Deposits payable	-	30,000	30,000	-
Interfund loan payable	42,776	-	42,776	-
Lease liability - current	-	8,025	8,025	-
Compensated absences payable - current	25,979	-	25,979	-
Unearned revenue	7,832	-	7,832	-
Total current liabilities	93,856	45,150	139,006	0
Noncurrent liabilities:				
Lease liability	-	36,828	36,828	-
Compensated absences payable	1,747	68	1,815	-
Net pension liability	-	-	-	5,389,953
Total noncurrent liabilities	1,747	36,896	38,643	5,389,953
Total liabilities	95,603	82,046	177,649	5,389,953
Deferred inflows of resources:				
Related to leases	18,898	-	18,898	-
Related to pensions	-	-	-	4,550,995
Total deferred inflows of resources	18,898	0	18,898	4,550,995
Net position:				
Investment in capital assets	2,526,380	160,325	2,686,705	-
Unrestricted	202,038	943,281	1,145,319	(5,390,306)
Total net position	\$2,728,418	\$1,103,606	\$3,832,024	(\$5,390,306)
Net position reported above			\$3,832,024	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.			(73,416)	
Net position of business-type activities			\$3,758,608	

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, 2023

Statement 7

	Business-Type Activities - Enterprise Funds			Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals	Internal Service
Operating revenues:				
Season passes	\$219,339	\$ -	\$219,339	\$ -
Green fees	467,143	-	467,143	-
Special play	25,734	-	25,734	-
Rentals and leases	233,621	-	233,621	-
Charges for service	15,408	853,307	868,715	644,969
Total operating revenues	<u>961,245</u>	<u>853,307</u>	<u>1,814,552</u>	<u>644,969</u>
Operating expenses:				
Personnel services	410,270	320,448	730,718	1,241,320
Materials and supplies	98,625	83,229	181,854	-
Other services and charges	303,434	266,231	569,665	-
Depreciation and amortization	127,835	55,387	183,222	-
Total operating expenses	<u>940,164</u>	<u>725,295</u>	<u>1,665,459</u>	<u>1,241,320</u>
Operating income (loss)	<u>21,081</u>	<u>128,012</u>	<u>149,093</u>	<u>(596,351)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	-	-	7,128
Interest and investment income	4,223	7,041	11,264	-
Net increase (decrease) in the fair value of investments	4,056	8,103	12,159	-
Interest expense	(1,066)	(639)	(1,705)	-
Insurance recoveries	-	12,446	12,446	-
Miscellaneous revenue	2,000	2,275	4,275	-
Gain (loss) on sale of capital assets	-	13,925	13,925	-
Total nonoperating revenues (expenses)	<u>9,213</u>	<u>43,151</u>	<u>52,364</u>	<u>7,128</u>
Income before capital contributions	<u>30,294</u>	<u>171,163</u>	<u>201,457</u>	<u>(589,223)</u>
Capital contributions	7,600	-	7,600	-
Total capital contributions	<u>7,600</u>	<u>0</u>	<u>7,600</u>	<u>0</u>
Change in net position	37,894	171,163	209,057	(589,223)
Net position - January 1	<u>2,690,524</u>	<u>932,443</u>	<u>3,622,967</u>	<u>(4,801,083)</u>
Net position - December 31	<u>\$2,728,418</u>	<u>\$1,103,606</u>	<u>\$3,832,024</u>	<u>(\$5,390,306)</u>
Changes in net position reported above			\$209,057	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.			(13,211)	
Change in net position of business-type activities (Statement 2)			<u>\$195,846</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, 2023

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	\$953,276	\$857,433	\$1,810,709	\$ -
Receipts from interfund charges for pension benefits	-	-	-	644,969
Payment to suppliers	(390,680)	(385,926)	(776,606)	(644,969)
Payment to employees	(398,293)	(330,773)	(729,066)	-
Net cash flows provided by operating activities	164,303	140,734	305,037	0
Cash flows from noncapital financing activities:				
Interfund borrowing cash payments	(27,461)	-	(27,461)	-
Interest on interfund borrowing	(1,366)	(639)	(2,005)	-
Net cash flows provided by (used in) noncapital financing activities	(28,827)	(639)	(29,466)	0
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(83,186)	-	(83,186)	-
Capital contributions	7,600	-	7,600	-
Insurance recoveries	-	12,446	12,446	-
Proceeds on sale of capital asset	-	17,860	17,860	-
Net cash flows (used in) capital and related financing activities	(75,586)	30,306	(45,280)	0
Cash flows from investing activities:				
Interest and investment income	8,279	15,144	23,423	-
Net increase in cash and cash equivalents	68,169	185,545	253,714	0
Cash and cash equivalents - January 1	213,527	716,519	930,046	-
Cash and cash equivalents - December 31	\$281,696	\$902,064	\$1,183,760	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$21,081	\$128,012	\$149,093	(\$596,351)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation and amortization	127,835	55,387	183,222	-
Miscellaneous revenue	2,000	2,275	4,275	-
Intergovernmental revenue	-	-	-	7,128
Changes in assets and liabilities:				
Decrease (increase) in receivables	23,191	1,851	25,042	-
Decrease (increase) in prepaid items	6,419	-	6,419	-
Decrease (increase) in deferred outflows of resources	-	-	-	996,749
Increase (decrease) in unearned revenue	(10,957)	-	(10,957)	-
Increase (decrease) in payables	16,937	(46,791)	(29,854)	(4,794,343)
Increase (decrease) in deferred inflows of resources	(22,203)	-	(22,203)	4,386,817
Total adjustments	143,222	12,722	155,944	596,351
Net cash provided by operating activities	\$164,303	\$140,734	\$305,037	\$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, 2023

Statement 9

Assets:	
Cash and investments	\$101,774
Total assets	<u>101,774</u>
Liabilities:	
Accounts payable	101,774
Total liabilities	<u>101,774</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, 2023

Statement 10

Additions:	
Lodging tax collections	\$432,584
Cable franchise fee collections	236,858
Total additions	<u>669,442</u>
Deductions:	
Payments to other entities	639,696
Administrative fees	29,746
Total deductions	<u>669,442</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, which was issued in the City's name. Accordingly, the PUC's debt has been reported as liabilities of the City, with an offsetting receivable due from the PUC component unit. 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, 2023

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

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 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, except for the Electric Vehicle Charging Stations Fund.

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, 2023

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount Over Budget</u>
Major Funds:			
General Fund	\$10,471,276	\$10,499,909	\$28,633
Nonmajor Funds:			
211 Public Library	925,664	940,868	15,204
225 Central School	116,050	116,681	631
226 Airport Operations	260,291	340,526	80,235
228 IRA Civic Center	381,990	561,560	179,570
231 Haz-Mat	60,000	91,114	31,114
232 Police Forfeiture	3,500	17,957	14,457
233 Cemetery	265,714	290,274	24,560

The expenditures exceeding budget were funded by available fund balance, interfund loan or other financing 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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

I. INVENTORIES

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

J. PREPAID ITEMS

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

K. LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or market (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 \$5,000.

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

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, 2023

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. RIGHT-TO-USE LEASED ASSETS

The City has recorded right-to-use leased assets as a result of implementing GASB 87. The right-to-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use leased assets are amortized on a straight-line basis over the life of the related asset.

N. 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.

O. 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 2024, 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.

P. 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.

Q. 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.

R. 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.

S. 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 2023 are described in Note 20.

T. 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.

U. UTILITY REVENUE RECOGNITION

Billings are rendered and recorded monthly based on metered usage.

V. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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.

W. 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, 2023 the carrying amount of the City's deposits with financial institutions was \$12,361,496.

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, 2023, the bank balance of the City's deposits was \$14,181,353 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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.

As of December 31, 2023, 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	\$6,595,538	\$871,679	\$5,523,963	\$199,896
Federal Home Loan Bank	AAA	341,756	-	341,756	-
Money Market Mutual Fund	Aaa-mf	42,748	42,748	-	-
Total		<u>\$6,980,042</u>	<u>\$914,427</u>	<u>\$5,865,719</u>	<u>\$199,896</u>
NR - Not Rated			Total investments		\$6,980,042
			Deposits		12,361,496
			Petty cash		1,040
			Total cash and investments		<u>\$19,342,578</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, 2023:

Investment Type	12/31/2023	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered CD's	\$6,595,538	\$ -	\$6,595,538	\$ -
Federal Home Loan Bank	341,756	-	341,756	-
Money Market Mutual Fund	42,748	-	42,748	-
Total	<u>\$6,980,042</u>	<u>\$ -</u>	<u>\$6,980,042</u>	<u>\$ -</u>

Following is a reconciliation of the City's cash and investment balances as of December 31, 2023:

Cash and investments - primary government:	
Governmental and business-type (Statement 1)	\$18,137,268
Fiduciary (Statement 9)	101,774
Cash and investments - EDA (Statement 1)	1,103,536
Cash and investments - PUC (Statement 1)	6,947,782
Restricted cash and investments - PUC (Statement 1)	2,309,721
	<u>\$28,600,081</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, 2023 for the Public Utilities Commission are as follows:

Demand deposits and cash on hand	\$3,366,929
Term series	250,000
Government agencies notes	999,565
CD's	4,052,236
Money market	588,773
Total cash and investments	9,257,503
Less designated cash and investments:	
Electric replacement funds	1,247,342
Watermain replacement funds	790,364
Wastewater-sewer main replacement funds	272,015
Total designated cash and investments	2,309,721
Total cash and investments	\$6,947,782

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2023 are as follows:

	Primary Government				
	Major Funds		Nonmajor Funds	Total	EDA
	General	Storm Water Utility			
Special assessments receivable	\$26,305	\$3,356	\$1,999,948	\$2,029,609	\$ -
Property taxes receivable	153,600	-	20,200	173,800	-
Interfund loan receivable	693,824	-	-	693,824	-
Pledges receivable	-	-	6,500	6,500	-
Notes receivable	300,000	-	-	300,000	399,966
Lease receivable	-	-	299,784	299,784	-
	<u>\$1,173,729</u>	<u>\$3,356</u>	<u>\$2,326,432</u>	<u>\$3,503,517</u>	<u>\$399,966</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, 2023, outstanding pledges receivable were \$6,500.

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.

FORGIVABLE LOAN RECEIVABLE:

Grand Rapids Economic Development Authority (GREDA) has established a loan program with forgivable terms to fund building improvements that are mandated by the State Building Code. The only outstanding forgivable loan at year end was issued on December 18, 2023, to Kreklow Enterprises, LLC for \$50,000, the maximum amount allowed, at 1.0%. The loan is only required to be repaid if the borrower defaults on the terms of the loan, which includes the sale of the property. Each year 10% of the principal balance of the loan will be forgiven providing there is no default. If a default should occur, the entire remaining balance unforgiven and accumulated interest will be paid back to GREDA. If no events of default occur, and the borrower does not sell the property within 10 years of the closing date, the principal and interest payments shall be deferred. Given the nature of this loan and uncertainty of repayment, 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, 2023

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	\$307,114	\$52,610	\$ -	\$300,000	\$ -	\$659,724
Nonmajor Funds	40,393	2,199,686	-	-	6,500	2,246,579
Total primary government	<u>347,507</u>	<u>2,252,296</u>	<u>0</u>	<u>300,000</u>	<u>6,500</u>	<u>2,906,303</u>
EDA (discretely presented component unit)	-	-	2,657,072	626,001	37,517	3,320,590
Total unavailable revenue	<u>\$347,507</u>	<u>\$2,252,296</u>	<u>\$2,657,072</u>	<u>\$926,001</u>	<u>\$44,017</u>	<u>\$6,226,893</u>

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, 2023 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major funds:		
General Fund	\$957,628	\$ -
407 Capital Equipment Replacement	-	891,610
613 Pokegama Golf Course	-	42,776
Nonmajor funds:		
Special Revenue Funds:		
228 IRA Civic Center	-	23,242
Total	<u>\$957,628</u>	<u>\$957,628</u>

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as due to/from other funds at December 31, 2023 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds:		
General Fund	\$799,670	\$ -
Nonmajor funds:		
Special Revenue Funds:		
225 Central School	-	4,500
228 IRA Civic Center	-	8,653
231 Haz-Mat	-	4,848
240 Electric Vehicle Charging Stations	-	34,624
Capital Project Funds:		
401 General Capital Improvement Projects	-	10,862
402 Municipal State Aid	-	88,674
413 Airport Capital Fund	-	647,509
Total	<u>\$799,670</u>	<u>\$799,670</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.

Amounts reported as interfund transfers at December 31, 2023 are as follows:

	<u>Transfers In</u>			<u>Total</u>
	<u>101 General Fund</u>	<u>407 Capital Equipment Replacement</u>	<u>Nonmajor Funds</u>	
Transfers out:				
Major funds:				
General Fund	\$ -	\$471,000	\$277,331	\$748,331
407 Capital Equipment Replacement	-	-	28,000	28,000
483 Civic Center Capital Improvements	39,807	-	-	39,807
Nonmajor funds	-	-	469,652	469,652
Total	<u>\$39,807</u>	<u>\$471,000</u>	<u>\$774,983</u>	<u>\$1,285,790</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 2023, the City made transfers from the General Fund to Special Revenue Funds (\$121,251) 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 (\$471,000) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$469,652).

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land and land improvements	\$6,739,252	\$239,449	\$ -	\$6,978,701
Artwork	182,565	-	-	182,565
Construction in progress	14,671,448	16,448,378	(14,125,409)	16,994,417
Total capital assets, not being depreciated/amortized	21,593,265	16,687,827	(14,125,409)	24,155,683
Capital assets, being depreciated/amortized:				
Buildings and structures	31,036,924	10,067,317	(1,398,198)	39,706,043
Vehicles, equipment and furniture	13,853,274	573,762	(640,190)	13,786,846
Infrastructure	82,167,328	3,331,542	-	85,498,870
Right-to-use leased assets - vehicles	-	470,340	-	470,340
Total capital assets, being depreciated/amortized	127,057,526	14,442,961	(2,038,388)	139,462,099
Less accumulated depreciation/amortization for:				
Buildings and structures	20,246,989	1,052,699	(1,156,495)	20,143,193
Vehicles, equipment and furniture	8,802,503	726,795	(639,805)	8,889,493
Infrastructure	44,684,617	2,555,075	-	47,239,692
Right-to-use leased assets - vehicles	-	32,288	-	32,288
Total accumulated depreciation/amortization	73,734,109	4,366,857	(1,796,300)	76,304,666
Total capital assets being depreciated/amortized - net	53,323,417	10,076,104	(242,088)	63,157,433
Governmental activities capital assets - net	\$74,916,682	\$26,763,931	(\$14,367,497)	\$87,313,116
	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land and land improvements	\$919,686	\$ -	\$ -	\$919,686
Total capital assets, not being depreciated/amortized	919,686	0	0	919,686
Capital assets, being depreciated/amortized:				
Buildings and structures	2,604,149	-	-	2,604,149
Machinery, equipment and furniture	1,550,406	83,187	(29,946)	1,603,647
Right-to-use leased assets - vehicles	-	46,532	-	46,532
Total capital assets, being depreciated/amortized	4,154,555	129,719	(29,946)	4,254,328
Less accumulated depreciation/amortization for:				
Buildings and structures	1,153,102	70,320	-	1,223,422
Machinery, equipment and furniture	1,130,463	110,575	(24,331)	1,216,707
Right-to-use leased assets - vehicles	-	2,327	-	2,327
Total accumulated depreciation/amortization	2,283,565	183,222	(24,331)	2,442,456
Total capital assets being depreciated/amortized - net	1,870,990	(53,503)	(5,615)	1,811,872
Business-type activities capital assets - net	\$2,790,676	(\$53,503)	(\$5,615)	\$2,731,558

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Discretely Presented Component Units					
Public Utilities Commission:					
Capital assets, not being depreciated/amortized:					
Land and land rights	\$1,964,831	\$44,786	\$ -	\$ -	\$2,009,617
Construction in progress	631,518	5,935,448	(6,370,780)	-	196,186
Total capital assets, not being depreciated/amortized	2,596,349	5,980,234	(6,370,780)	0	2,205,803
Capital assets, being depreciated/amortized:					
Intangibles	711,725	-	-	-	711,725
Infrastructure	47,196,463	8,945,240	-	-	56,141,703
Buildings and improvements	33,892,582	377,788	-	301,927	34,572,297
Machinery and equipment	38,050,114	363,015	(129,590)	(301,927)	37,981,612
Total capital assets, being depreciated/amortized	119,850,884	9,686,043	(129,590)	0	129,407,337
Less accumulated depreciation/amortization for:					
Intangibles	533,396	62,855	-	-	596,251
Infrastructure	21,159,796	1,235,381	-	-	22,395,177
Buildings and improvements	24,519,899	693,167	-	-	25,213,066
Machinery and equipment	17,784,765	1,324,927	(102,777)	-	19,006,915
Total accumulated depreciation/amortization	63,997,856	3,316,330	(102,777)	0	67,211,409
Total capital assets being depreciated/amortized - net	55,853,028	6,369,713	(26,813)	-	62,195,928
Public Utilities Commission capital assets - net	\$58,449,377	\$12,349,947	(\$6,397,593)	\$0	\$64,401,731

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$152,692
Public safety	522,889
Public works, including depreciation and amortization of general infrastructure assets	3,378,257
Culture and recreation	313,019
Total depreciation and amortization expense - governmental activities	<u>\$4,366,857</u>

Business-type activities:

Golf course	\$127,835
Storm water utility	55,387
Total depreciation and amortization expense - business-type activities	<u>\$183,222</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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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, 2023, the City recorded \$409,220 in leases receivables and deferred inflows of resources for these arrangements.

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

Amortization of lease-related deferred inflows	
Land leases	\$370
Space leases	193,308
Total revenue recognized resulting from deferred inflow amortization	193,678
Interest revenue	24,540
Other lease related revenues	7,769
Total revenue recognized in relation to leased assets	\$225,987

Principal and interest requirements to maturity for the lease receivables as of December 31, 2023 were as follows:

Year Ending December 31,	Solar Garden		ISD #318		Pokegama Grill		Bob's Pro Shop	
	Nonmajor Fund		Nonmajor Fund		Major Fund		Major Fund	
	226 Airport Operations		228 IRA Civic Center		613 Pokegama Grill		613 Pokegama Grill	
	Lease Receivable		Lease Receivable		Lease Receivable		Lease Receivable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$538	\$14,196	\$90,000	\$1,251	\$17,441	\$559	\$1,457	\$12
2025	716	14,166	-	-	-	-	-	-
2026	903	14,128	-	-	-	-	-	-
2027	1,101	14,080	-	-	-	-	-	-
2028	1,310	14,022	-	-	-	-	-	-
2029-2033	10,219	68,874	-	-	-	-	-	-
2034-2038	17,378	65,645	-	-	-	-	-	-
2039-2043	26,810	60,448	-	-	-	-	-	-
2044-2048	39,009	52,699	-	-	-	-	-	-
2049-2053	54,728	41,659	-	-	-	-	-	-
2054-2058	74,921	26,383	-	-	-	-	-	-
2059-2062	72,787	6,547	-	-	-	-	-	-
Total	\$300,420	\$392,847	\$90,000	\$1,251	\$17,441	\$559	\$1,457	\$12

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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The Public Utilities Commission leases space for antenna on the roof of their building under a long-term, noncancelable lease agreement. The lease expires in 2035.

Year Ending December 31,	Cellular Antenna	
	Public Utilities Commission	
	Water Utility	
	Lease Receivable	
	Principal	Interest
2024	\$179,129	\$5,540
2025	184,504	5,706
2026	190,039	5,877
2027	195,741	6,054
2028	172,538	5,336
2029-2033	534,585	16,533
2034-2038	74,815	2,314
Total	<u>\$1,531,351</u>	<u>\$47,360</u>

The Public Utilities Commission recognized \$179,489 of lease revenue and \$9,951 of interest revenue for the year ended December 31, 2023 in relation to these lease receivables.

Note 8 LONG-TERM DEBT

A. DEBT

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

CITY OF GRAND RAPIDS, MINNESOTA
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As of December 31, 2023, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/2023
Primary Government					
<u>Governmental Activities:</u>					
G.O. Tax Increment Bonds:					
Refunding TIF Bonds Series 2017B	4.20 - 4.00	12/28/2017	2/1/2034	\$705,000	\$540,000
G.O. Improvement Bonds:					
Improvement Bonds of 2009C	1.85 - 4.30	9/1/2009	2/1/2025	4,565,000	720,000
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026	1,115,000	190,000
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027	1,555,000	300,000
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028	2,245,000	805,000
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027	4,175,000	1,215,000
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030	3,000,000	1,225,000
Improvement Refunding Bonds of 2017B	2.30 - 3.00	12/28/2017	2/1/2034	2,215,000	165,000
Total G.O. Improvement Bonds				18,870,000	4,620,000
Other General Obligation Bonds:					
Street Reconstruction Bonds of 2013B	3.00 - 3.50	9/1/2013	2/1/2029	4,025,000	1,830,000
Street Reconstruction Bonds of 2016A	0.85 - 2.20	10/5/2016	2/1/2032	2,170,000	1,385,000
Street Reconstruction Bonds of 2017A	3.00 - 3.50	9/7/2017	2/1/2033	2,130,000	1,540,000
Street Reconstruction Bonds of 2018A	3.00 - 3.25	10/18/2018	2/1/2034	1,960,000	1,520,000
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036	2,275,000	2,015,000
Street Reconstruction Bonds of 2023A	4.00 - 5.00	11/9/2023	2/1/2039	2,220,000	2,220,000
G.O. Abatement Bonds of 2019A	2.00 - 3.00	9/5/2019	2/1/2035	1,585,000	1,335,000
G.O. Abatement Bonds of 2021B	2.00 - 2.75	7/1/2021	2/1/2042	6,255,000	6,010,000
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				32,620,000	27,855,000
G.O. Revenue note - direct placement - PUC:					
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029	26,370,232	9,575,000
G.O. Revenue bonds - PUC:					
G.O. Utility Revenue Refunding Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025	872,000	389,000
G.O. Utility Revenue Refunding Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029	1,210,000	1,160,000
G.O. Utility Revenue Refunding Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033	1,120,000	1,025,000
G.O. Utility Revenue Bonds of 2023B	4.25 - 5.00	11/9/2023	2/1/2039	4,575,000	4,575,000
Total general obligation revenue bonds - PUC				7,777,000	7,149,000
Total bonded debt - governmental activities				86,342,232	49,739,000
Bond premium					725,516
Compensated absences				N/A	687,614
Total governmental activities				\$86,342,232	\$51,152,130
<u>Business-Type Activities:</u>					
Compensated absences				N/A	\$27,794
Total business-type activities				\$0	\$27,794
<u>Component Units:</u>					
EDA:					
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035	\$350,000	\$210,000
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029	100,000	100,000
Note payable - Blandin	0.00	2016	2026	175,000	43,974
Note payable - EWCL	0.00	4/1/2020	10/1/2026	650,000	264,256
Note payable - Blandin	0.00	1/29/2021	1/29/2026	140,000	140,000
Special assessment payable				657,883	637,848
Total EDA				2,072,883	1,396,078
Public Utilities:					
Due to Primary Government - G.O. Revenue Note and Bond				34,147,232	16,724,000
Bond premium					228,831
Total public utilities				34,147,232	16,952,831
Total component units				\$36,220,115	\$18,348,909

CITY OF GRAND RAPIDS, MINNESOTA
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December 31, 2023

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
2024	\$35,000	\$14,800	\$1,310,000	\$123,616	\$1,165,000	\$917,945
2025	40,000	13,815	1,175,000	81,163	11,280,000	911,152
2026	40,000	12,895	755,000	50,067	1,350,000	397,933
2027	45,000	11,918	715,000	29,447	1,370,000	357,752
2028	45,000	10,725	330,000	14,473	1,420,000	315,952
2029	50,000	9,300	165,000	7,240	1,460,000	272,768
2030	55,000	7,725	170,000	2,465	1,160,000	234,689
2031	50,000	6,150	-	-	1,190,000	202,831
2032	55,000	4,575	-	-	1,225,000	171,164
2033	60,000	2,850	-	-	1,085,000	139,933
2034	65,000	975	-	-	935,000	113,235
2035	-	-	-	-	790,000	92,174
2036	-	-	-	-	680,000	74,610
2037	-	-	-	-	530,000	59,250
2038	-	-	-	-	540,000	44,800
2039	-	-	-	-	560,000	29,900
2040	-	-	-	-	365,000	18,650
2041	-	-	-	-	370,000	11,300
2042	-	-	-	-	380,000	3,800
Total	<u>\$540,000</u>	<u>\$95,728</u>	<u>\$4,620,000</u>	<u>\$308,471</u>	<u>\$27,855,000</u>	<u>\$4,369,838</u>

Year Ending December 31,	Revenue Bonds and Notes	
	PUC Component Unit	
	Principal	Interest
2024	\$1,968,000	\$470,118
2025	2,177,000	475,742
2026	2,096,000	416,316
2027	2,157,000	354,127
2028	2,219,000	289,613
2029-2033	3,867,000	743,213
2034-2038	1,825,000	283,814
2039	415,000	8,819
Total	<u>\$16,724,000</u>	<u>\$3,041,762</u>

CITY OF GRAND RAPIDS, MINNESOTA
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Year Ending December 31,	Revenue Bonds and Notes	
	EDA Component Unit	
	Principal	Interest
2024	\$17,500	\$ -
2025	17,500	-
2026	17,500	-
2027	17,500	-
2028	17,500	-
2029-2033	87,500	-
2034-2035	35,000	-
Total	\$210,000	\$0

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance as restated 12/31/2022 ¹	Additions	Reductions	Balance 12/31/23	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
G.O. Tax increment bonds	\$580,000	\$ -	(\$40,000)	\$540,000	\$35,000
G.O. Improvement bonds	6,040,000	-	(1,420,000)	4,620,000	1,310,000
Other G.O. bonds	26,765,000	2,220,000	(1,130,000)	27,855,000	1,165,000
G.O. Revenue bonds - PUC ¹	2,897,500	4,575,000	(323,500)	7,149,000	484,000
G.O. Revenue note - direct placement - PUC ¹	11,172,000	-	(1,597,000)	9,575,000	1,484,000
Bond premium	747,801	35,700	(57,985)	725,516	-
Compensated absences *	643,823	43,791	-	687,614	90,877
Total governmental activities	<u>\$48,846,124</u>	<u>\$6,874,491</u>	<u>(\$4,568,485)</u>	<u>\$51,152,130</u>	<u>\$4,568,877</u>
<u>Business Type Activities:</u>					
Compensated absences *	\$21,421	\$6,373	\$ -	\$27,794	\$25,979
Total business-type activities	<u>\$21,421</u>	<u>\$6,373</u>	<u>\$0</u>	<u>\$27,794</u>	<u>\$25,979</u>
<u>Component Units:</u>					
Note payables - EDA	\$901,262	\$ -	(\$143,032)	\$758,230	\$17,500
Assessment payable - EDA	637,848	-	-	637,848	-
Due to primary government - PUC ¹	14,069,500	4,575,000	(1,920,500)	16,724,000	1,968,000
Unamortized premiums and discounts - PUC	83,705	152,736	(7,610)	228,831	-
Compensated absences - PUC *	280,634	32,187	-	312,821	214,287
Total component units	<u>\$15,972,949</u>	<u>\$4,759,923</u>	<u>(\$2,071,142)</u>	<u>\$18,661,730</u>	<u>\$2,199,877</u>

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

¹ Beginning balances were restated due to a change in presentation of PUC related debt.

Because the City provided a general obligation pledge for the PUC's debt, effective January 1, 2023, the City began reporting the PUC's debt as a liability. An offsetting receivable due from the PUC equal to the amount of outstanding debt is also reported. There was no impact on net position as a result of this restatement.

CITY OF GRAND RAPIDS, MINNESOTA
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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, 2023, the outstanding balance on the note was \$9,575,000.

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.

CITY OF GRAND RAPIDS, MINNESOTA
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In accordance with Generally Accepted Accounting Principles, the G.O. Utility Revenue Note and Bonds are recorded in the financial statements of the City due to its general obligation pledge on the debt. The Public Utilities Commission reports a payable due to the Primary Government equal to the amount of the debt reported by the City.

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, 2009C (Build America Bond)	Infrastructure improvements	Special assessments Federal BAB credit Ad Valorem Taxes	24% 10% 66%	2010- 2024	\$758,336	\$391,866	\$323,733
G.O. Improvement, 2010A	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	34% 66%	2012- 2026	\$200,436	\$67,750	\$58,822
G.O. Improvement, 2011B	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	56% 46%	2012- 2026	\$319,150	\$80,143	\$52,404
G.O. Improvement, 2012A	Infrastructure improvements	Special assessments Ad Valorem Taxes	32% 68%	2013- 2027	\$871,709	\$182,868	\$100,931
G.O. Improvement, 2012B	Street reconstruction	MSA allotments	100%	2013- 2027	\$1,275,940	\$322,025	\$322,025
G.O. Street Reconstruction, 2013B	Street reconstruction	Ad Valorem Taxes	100%	2014- 2029	\$2,021,206	\$333,738	\$124,982
G.O. Improvement, 2014A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	20% 80%	2014- 2029	\$1,335,425	\$238,480	\$226,971
G.O. Street Reconstruction, 2016A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	80% 20%	2016- 2032	\$1,518,630	\$169,760	\$164,127
G.O. Street Reconstruction, 2017A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	13% 87%	2018- 2033	\$1,805,837	\$181,225	\$168,261
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	\$803,203	\$360,300	\$90,906
G.O. Improvement, 2018A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes Special assessments	81% 19%	2018- 2033	\$1,793,019	\$168,538	\$151,755
G.O. Improvement, 2019A	Abatement Bond	Ad Valorem Taxes Tax abatement	92% 8%	2019- 2035	\$1,523,455	\$123,880	\$150,922
G.O. Street Reconstruction, 2020A	CIP Projects, and equipment	Special assessments Ad Valorem Taxes	92% 8%	2020- 2036	\$2,232,123	\$171,013	\$179,258
G.O. Improvement, 2021B	CIP projects, Abatement Bond	Ad Valorem Taxes Tax abatement	80% 20%	2022- 2042	\$7,283,357	\$382,931	\$410,914
G.O. Temporary, 2022A	CIP projects, Abatement Bond, and equipment	City Sales Tax Ad Valorem Taxes Tax abatement	34% 66%	2022- 2025	\$10,950,000	\$447,292	\$1,573,230
G.O. Street Reconstruction, 2023A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes	100%	2023- 2039	\$3,097,212	\$ -	\$ -

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B. LESSEE LEASES

The City has entered into lease agreements to lease various assets. Lease agreements that qualify as other than short-term leases under GASB 87 have been recorded at the present value of the future minimum lease payments as of the date of lease commencement.

As of December 31, 2023, the City had 13 outstanding vehicle leases. Each lease has terms of 48 to 60 monthly payments from commencement of the lease, ranging from \$551 to \$964. The lease liability is measured at discount rates ranging from 7.48% to 8.37%, which are the rates implicit in the leases.

As a result of the leases, the City's has recorded right-to-use leased assets with a net book value of \$482,257 as of December 31, 2023.

Lease liability activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23	Due Within One Year
Governmental activities:					
Lease liabilities	\$ -	\$458,786	(\$26,503)	\$432,283	\$81,117
Business-type activities:					
Lease liabilities	\$ -	\$46,532	(\$1,679)	\$44,853	\$8,025

Total expense related to the right-to-use leased asset for the year ended December 31, 2023 was as follows:

	Governmental Activities	Business-Type Activities
Amortization expense by asset class:		
Right-to-use leased assets - vehicles	\$32,288	\$2,327
Total amortization expense	32,288	2,327
Variable lease expense	-	-
Interest on lease liabilities	8,748	639
Other lease expense	-	-
Total expense recognized in relation to right-to-use leased assets	\$8,748	\$639

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Principal and interest requirements to maturity for the lease liabilities as of December 31, 2023 was as follows:

Year Ending December 31,	Lease Liabilities		Lease Liabilities	
	Governmental Activities		Business- Type Activities	
	Principal	Interest	Principal	Interest
2024	\$81,117	\$31,342	\$8,025	\$3,451
2025	87,778	24,682	8,723	2,753
2026	94,985	17,474	9,482	1,994
2027	99,963	9,711	10,307	1,169
2028	68,440	2,209	8,316	293
Total	<u>\$432,283</u>	<u>\$85,418</u>	<u>\$44,853</u>	<u>\$9,660</u>

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2023 were \$317,454. The City's contributions were equal to the required contributions as set by state statute.

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2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 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, 2023 were \$327,515. The City’s contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2023, the City reported a liability of \$2,963,701 for its proportionate share of GERF’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million. 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 \$81,757.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0530% at the end of the measurement period and 0.0537% for the beginning of the period.

City’s proportionate share of the net pension liability	\$2,963,701
State of Minnesota’s proportionate share of the net pension liability associated with the City	81,757
Total	<u>\$3,045,458</u>

For the year ended December 31, 2023, the City recognized pension expense of \$471,056 for its proportionate share of the GERF’s pension expense. In addition, the City recognized an additional \$367 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the GERF.

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At December 31, 2023, 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	\$97,329	\$20,282
Changes in actuarial assumptions	476,739	812,325
Difference between projected and actual investment earnings	-	106,463
Changes in proportion	33,494	27,828
Contributions paid to PERA subsequent to the measurement date	162,423	-
Total	<u>\$769,985</u>	<u>\$966,898</u>

The \$162,423 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$78,117
2025	(433,720)
2026	60,560
2027	(64,293)
2028	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2023, the City reported a liability of \$2,426,252 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2023 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1405% at the end of the measurement period and 0.1363% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets 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 \$ 9 million direct state aid was paid on October 1, 2022. 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

CITY OF GRAND RAPIDS, MINNESOTA
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90% funded, whichever occurs later. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$97,691.

City’s proportionate share of the net pension liability	\$2,426,252
State of Minnesota’s proportionate share of the net pension liability associated with the City	97,691
Total	<u><u>\$2,523,943</u></u>

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, 2023, the City recognized pension expense of \$775,781 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized an additional (\$5,884) 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 \$12,645 for the year ended December 31, 2023 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.

At December 31, 2023, 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	\$670,369	\$ -
Changes in actuarial assumptions	2,822,617	3,412,044
Difference between projected and actual investment earnings	-	124,089
Changes in proportion	121,488	47,964
Contributions paid to PERA subsequent to the measurement date	166,183	-
Total	<u><u>\$3,780,657</u></u>	<u><u>\$3,584,097</u></u>

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The \$166,183 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$122,210
2025	28,648
2026	608,652
2027	(136,931)
2028	(592,202)
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, 2023 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	7.00%

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 7.00% 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 and 1.00% for the PEPFF.

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 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 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 2023:

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General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

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 used to measure the total pension liability in 2023 was 7.00%. 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 and PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City’s proportionate share of the net pension liability, 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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the GERF net pension liability	\$5,243,024	\$2,963,701	\$1,088,870
Proportionate share of the PEPFF net pension liability	\$4,813,974	\$2,426,252	\$463,226

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, 2023 is as follows:

GERF	\$471,056
PEPFF	775,781
Fire Relief (Note 11)	<u>(91,252)</u>
Total	<u><u>\$1,155,585</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.

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

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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 2023 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employee</u>	<u>(Pension Expense)</u>	<u>Employee</u>	<u>Employer</u>	<u>Rate</u>
\$1,683	\$1,683	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
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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, 2023, 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, 2023 were \$5,000. State aid contributions for the year ended December 31, 2023 were \$147,629.

E. NET PENSION LIABILITY

The City’s net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023.

F. ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2023 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	1%	7.00%
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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at January 1, 2023	\$2,145,637	\$3,241,079	(\$1,095,442)
Changes for the year:			
Service cost	80,644	-	80,644
Interest cost	132,647	-	132,647
Assumption changes	-	-	-
Plan changes	-	-	-
Contributions - employer	-	5,000	(5,000)
On behalf contributions - State of MN	-	147,629	(147,629)
Projected investment return	-	197,727	(197,727)
Gain or loss	-	(42,643)	42,643
Benefit payments	(31,000)	(31,000)	-
Administrative expense	-	(12,886)	12,886
Other changes	-	-	-
Net changes	182,291	263,827	(81,536)
Balance at December 31, 2023	\$2,327,928	\$3,504,906	(\$1,176,978)

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)	(\$1,115,101)	(\$1,176,978)	(\$1,235,785)

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 RLEATED TO PENSIONS

For the year ended December 31, 2023, the City recognized pension expense of (\$91,252). The City also recognized \$147,629 for the year ended December 31, 2023, as pension expense (and grant revenue) for the State of Minnesota’s on-behalf contribution to the plan. At December 31, 2023, 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	\$328,607	\$ -
Differences between expected and actual economic experience	34,577	40,428
Changes in actuarial assumptions	32,396	50,915
Total	<u>\$395,580</u>	<u>\$91,343</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>
2024	\$82,183
2025	97,742
2026	134,894
2027	6,226
2028	(16,808)
Thereafter	-

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 multiple-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 5 or more years of service may continue medical coverage in the Operating Engineer Local #49 Plan by paying full premiums from their City and State health savings accounts. Once these accounts are depleted, the City is

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

Police and Sergeants

Police and sergeant employees who retire at age 50 or older with 5 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, 2023, the following employees were covered by the benefit terms:

Active employees electing coverage	45
Retirees electing coverage	1
Spouses electing coverage	1
Total	47

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$280,158 was measured as of January 1, 2023 and was determined by an actuarial valuation dated January 1, 2023. Changes in the total OPEB liability during 2023 were:

Balance - beginning of year	\$22,253
Changes for the year:	
Service cost	1,281
Interest cost	471
Plan changes	-
Differences between expected and actual experience	289,929
Changes in assumptions	(33,776)
Benefit payments	-
Net changes	257,905
Balance - end of year	\$280,158

There were no plan changes since the measurement date of January 1, 2023.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Inflation	2.50%
Salary increases	varied by contract
Discount rate	4.00%
20-year municipal bond yield	4.00%

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-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2023 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 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019.

The following changes in actuarial assumptions occurred in 2023:

- Health care trend rates were added since the plan now has benefits where health care trend rates should be applied.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- These changes decreased the liability \$33,776.

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 (3.00%) or 1% higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$299,092	\$280,158	\$262,873

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

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 healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% over 6 years and then to 3.00% over the next 48 years) or 1% higher (7.50% decreasing to 6.00% over 6 years and then to 5.00% over the next 48 years) than the current healthcare cost trend rates (6.50% decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$265,421	\$280,158	\$295,963

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

For the year ended December 31, 2023, the City recognized \$50,421 of OPEB expense. At December 31, 2023, 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	\$231,943	\$5,337
Changes in actuarial assumptions	561	27,974
Contributions paid subsequent to the measurement date	19,224	-
Total	<u>\$251,728</u>	<u>\$33,311</u>

The \$19,224 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>OPEB Expense Amount</u>
2024	\$48,604
2025	48,612
2026	50,744
2027	51,233
2028	-
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.

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 \$35,335. At December 31, 2023, the principal amount outstanding on the note was \$307,500.

TIF District #1-7, Block 37:

Issued in 2008 (2008A) in the principal sum of \$389,300 with an interest rate of 7.25% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2035. The current year abatement (TIF note payments) amounted to \$14,962. At December 31, 2023, the principal amount outstanding on the note was \$389,300.

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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 \$37,475. At December 31, 2023, the principal amount outstanding on the note was \$166,339.

TIF District #1-10, River Hills Apartments:

Issued in 2017 (2016A) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2017 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$30,879. At December 31, 2023, the principal amount outstanding on the note was \$180,711.

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 \$32,732. At December 31, 2023, the principal amount outstanding on the note was \$194,619.

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 \$23,212. At December 31, 2023, the principal amount outstanding on the note was \$366,290.

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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 \$105,089. At December 31, 2023, the principal amount outstanding on the note was \$1,689,291.

TIF District #1-11, Rebound (Sawmill):

Issued in 2023 (2023A) in the principal sum of \$1,250,000 with an interest rate of 5.5% per annum. Principal and interest shall be paid on August 1, 2023 and each February 1 and August 1 thereafter to and including February 1, 2047. 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, 2047. The current year abatement (TIF note payments) amounted to \$31,934. At December 31, 2023, the principal amount outstanding on the note was \$1,244,611.

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 \$45,427. At December 31, 2023, the principal amount outstanding on the note was \$11,804.

C. ARBITRAGE

The City has on occasion, issued greater than \$5 million of bonds in a given year (as listed in Footnote 8) 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.

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 \$485,297 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 an other 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, 2023 is \$109,416.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 16 FUND BALANCE

A. CLASSIFICATIONS

Definitions of fund balance classifications are included in Note 1R. At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

	General Fund	403 GR/Cohasset Industrial Park	407 Capital Equipment Replacement	483 Civic Center Capital Improvements	Other Governmental Funds	Total
Nonspendable:						
Prepaid items	\$215,841	\$ -	\$103,681	\$ -	\$24,403	\$343,925
Interfund loans receivable	957,628	-	-	-	-	957,628
Restricted:						
Debt service	-	-	-	-	7,022,701	7,022,701
Public safety	-	-	468,602	-	-	468,602
Law enforcement	-	-	-	-	64,555	64,555
Airport operations (Itasca County's Share)	-	-	-	-	109,518	109,518
Other purposes	37,348	-	-	-	68,771	106,119
Committed:						
Revenue stabilization	1,286,122	-	-	-	-	1,286,122
Public library	-	-	-	-	761,451	761,451
Central school	-	-	-	-	93,117	93,117
Airport operations (City's 50% Share)	-	-	-	-	109,517	109,517
Cemetery	-	-	-	-	159,018	159,018
Domestic animal control facility	-	-	-	-	9,749	9,749
Assigned:						
Capital purposes	-	3,548	-	358,827	1,753,599	2,115,974
Unassigned	5,191,745	-	(704,886)	-	(164,851)	4,322,008
Total	<u>\$7,688,684</u>	<u>\$3,548</u>	<u>(\$132,603)</u>	<u>\$358,827</u>	<u>\$10,011,548</u>	<u>\$17,930,004</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, 2023, the unassigned fund balance of the General Fund was \$5,191,745, compared to its targeted unassigned fund balance of \$6,794,175 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, 2023 is as follows:

Revenue stabilization at December 31, 2021	\$1,049,832
2022 replenishment	<u>119,937</u>
Revenue stabilization at December 31, 2022	1,169,769
2023 replenishment	<u>116,353</u>
Revenue stabilization at December 31, 2023	<u><u>\$1,286,122</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 2023 was 30,231 kW.

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, 2023. The remaining commitment on these projects is \$599,469.

The Public Utilities Commission has several active construction projects as of December 31, 2023. The remaining commitment on these projects is \$577,277.

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 the site for 20 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 reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, in accordance with Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

The \$2,342,354 reported as the landfill closure and postclosure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 47.64% of the estimated capacity of the currently permitted landfill. Grand Rapids PUC will recognize the remaining costs of closure and postclosure care of \$2,574,040 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher or lower due to inflation, changes in technology, or changes in 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, UPM Blandin Paper Company established an irrevocable letter of credit for \$4,916,394 with Nordea Bank on behalf of the Grand Rapids 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.

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, 2023, there was one bond issue outstanding, with an estimated aggregate principal amount payable of \$757,420.

Note 20 PAYMENTS IN LIEU OF TAX - PUC

Effective January 1, 1997, the Grand Rapids Public Utilities Commission and the City of Grand Rapids established a formal agreement for payments in lieu of tax (PILOT) from the Grand Rapids PUC to the City. This payment was equal to 7% of gross retail electric sales for the prior year. 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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The amount of the PILOT, including cash and utility supplied services, to the City for 2023 was \$868,840.

Note 21 DEFICIT FUND BALANCES

At December 31, 2023, individual funds with deficit fund balances are as follows:

Special Revenue Funds:	
228 IRA Civic Center	(\$93,511)
240 Electric Vehicle Charging Stations	(34,631)
Capital Project Funds:	
407 Capital Equipment Replacement	(132,603)
413 Airport Capital Fund	(25,489)
484 2022 Infrastructure / ARPA	(10,655)

Note 22 MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

Grand Rapids Public Utilities Commission has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses the Grand Rapids PUC for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,618,951. 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 2009E and 2021C. 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 2023 was \$1,666,177.

Note 23 RESTATEMENT - PUC

Grand Rapids Public Utilities Commission restated the December 31, 2022 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position for the correction of an error related to the landfill closure/postclosure costs. It was noted in the prior year that the liability was overstated and did not account for the capacity used.

The following table summarizes the breakdown of the current year restatement related to the prior period adjustment:

Net position - January 1, as previously stated	\$53,327,156
Correction of an error	<u>3,170,782</u>
Net position - January 1, as restated	<u><u>\$56,497,938</u></u>

Note 24 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. 99 *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the next being for fiscal years beginning after June 15, 2023.

Statement No. 102 *Certain Risk Disclosures*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2024.

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

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REQUIRED SUPPLEMENTARY INFORMATION

	2023			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$5,081,232	\$5,081,232	\$5,067,736	(\$13,496)
Payment in lieu of taxes:				
Housing Authorities	45,000	45,000	65,281	20,281
Public utilities	868,000	868,000	868,000	-
Total taxes	5,994,232	5,994,232	6,001,017	6,785
Licenses and permits:				
Business	41,360	41,360	47,205	5,845
Nonbusiness	266,505	266,505	393,538	127,033
Total licenses and permits	307,865	307,865	440,743	132,878
Intergovernmental:				
Federal:				
Public safety grants	30,000	30,000	28,420	(1,580)
State:				
Local government aid	1,820,524	1,820,524	1,820,524	-
Market value homestead credit	-	-	1,898	1,898
Taconite supplemental aid	247,469	247,469	247,469	-
Municipal state aid street maintenance	186,200	186,200	186,200	-
Police aid	173,000	173,000	203,269	30,269
Fire aid	135,000	135,000	148,629	13,629
Police training aid	19,000	19,000	19,194	194
State - miscellaneous	3,249	3,249	56,881	53,632
US gas tax refund	500	500	937	437
Local:				
Aitkin-Itasca-Mille Lacs Violent Crimes Enforcement Team	-	-	5,382	5,382
Itasca County - excess school levy replacement	-	-	37,673	37,673
School District #318	155,919	155,919	155,919	-
Total intergovernmental	2,770,861	2,770,861	2,912,395	141,534
Charges for services:				
General government	283,282	283,282	445,739	162,457
Public safety	839,298	839,298	887,373	48,075
Public works	270,589	270,589	297,827	27,238
Total charges for services	1,393,169	1,393,169	1,630,939	237,770
Fines and forfeits	67,000	67,000	65,645	(1,355)
Special assessments	-	-	3,202	3,202
Interest and investment income	41,000	41,000	49,901	8,901
Net increase (decrease) in the fair value of investments	-	-	64,814	64,814
Miscellaneous:				
Donations/contributions	10,000	10,000	20,161	10,161
Rentals and leases	3,000	3,000	3,790	790
Other	18,200	18,200	22,922	4,722
Total miscellaneous	31,200	31,200	46,873	15,673
Total revenues	10,605,327	10,605,327	11,215,529	610,202

See accompanying notes to the required supplementary information.

	2023			Actual Over (Under) Final Budget
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures:				
General government:				
Mayor and city council:				
Current:				
Personnel services	\$45,258	\$45,258	\$45,240	(\$18)
Materials and supplies	-	-	56	56
Other services and charges	82,700	82,700	93,866	11,166
Total mayor and city council	127,958	127,958	139,162	11,204
Administration:				
Current:				
Personnel services	543,877	543,877	556,891	13,014
Materials and supplies	1,850	1,850	363	(1,487)
Other services and charges	58,995	58,995	42,342	(16,653)
Total administration	604,722	604,722	599,596	(5,126)
Finance:				
Current:				
Personnel services	548,082	548,082	522,214	(25,868)
Materials and supplies	3,300	3,300	1,626	(1,674)
Other services and charges	52,685	52,685	51,565	(1,120)
Total finance	604,067	604,067	575,405	(28,662)
Information technology:				
Current:				
Personnel services	248,416	248,416	322,962	74,546
Materials and supplies	1,350	1,350	1,459	109
Other services and charges	76,515	76,515	39,946	(36,569)
Capital outlay	5,000	5,000	6,931	1,931
Total information technology	331,281	331,281	371,298	40,017
Community development:				
Current:				
Personnel services	531,311	531,311	457,626	(73,685)
Materials and supplies	6,700	6,700	6,437	(263)
Other charges and services	35,900	35,900	30,162	(5,738)
Total community development	573,911	573,911	494,225	(79,686)
Building safety:				
Current:				
Personnel services	364,244	364,244	378,161	13,917
Materials and supplies	8,000	8,000	14,612	6,612
Other charges and services	88,100	88,100	80,202	(7,898)
Total building maintenance - city hall	460,344	460,344	472,975	12,631
Total general government	2,702,283	2,702,283	2,652,661	(49,622)

See accompanying notes to the required supplementary information.

	2023			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Expenditures: (continued)				
Public safety:				
Police protection:				
Current:				
Personnel services	\$3,276,423	\$3,284,414	\$3,250,169	(\$34,245)
Materials and supplies	116,700	116,700	106,232	(10,468)
Other charges and services	335,228	335,228	303,766	(31,462)
Total police protection	<u>3,728,351</u>	<u>3,736,342</u>	<u>3,660,167</u>	<u>(76,175)</u>
Fire protection:				
Current:				
Personnel services	537,213	537,213	519,522	(17,691)
Materials and supplies	55,600	55,600	59,004	3,404
Other charges and services	112,974	112,974	123,382	10,408
Total fire protection	<u>705,787</u>	<u>705,787</u>	<u>701,908</u>	<u>(3,879)</u>
Total public safety	<u>4,434,138</u>	<u>4,442,129</u>	<u>4,362,075</u>	<u>(80,054)</u>
Public works:				
Public works:				
Current:				
Personnel services	1,365,940	1,365,940	1,430,117	64,177
Materials and supplies	264,600	264,600	287,867	23,267
Other services and charges	513,100	513,100	532,905	19,805
Street lighting	240,000	240,000	228,859	(11,141)
Capital outlay	-	-	7,275	7,275
Total public works	<u>2,383,640</u>	<u>2,383,640</u>	<u>2,487,023</u>	<u>103,383</u>
Fleet maintenance:				
Current:				
Personnel services	219,854	219,854	219,860	6
Materials and supplies	25,900	25,900	27,101	1,201
Other services and charges	44,400	44,400	26,339	(18,061)
Total fleet maintenance	<u>290,154</u>	<u>290,154</u>	<u>273,300</u>	<u>(16,854)</u>
Total public works	<u>2,673,794</u>	<u>2,673,794</u>	<u>2,760,323</u>	<u>86,529</u>

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For The Year Ended December 31, 2023

	2023			
	Budgeted Amounts		Actual Amounts	Actual Over (Under) Final Budget
	Original	Final		
Expenditures: (continued)				
Culture and recreation:				
Current:				
Personnel services	\$83,432	\$179,601	\$233,218	\$53,617
Materials and supplies	500	500	6,992	6,492
Other services and charges	9,500	9,500	9,338	(162)
Total culture and recreation	<u>93,432</u>	<u>189,601</u>	<u>249,548</u>	<u>59,947</u>
Miscellaneous:				
City-wide:				
Current:				
Other services and charges	334,843	334,843	354,402	19,559
Special projects:				
Current:				
Other services and charges	128,626	128,626	120,900	(7,726)
Total miscellaneous	<u>463,469</u>	<u>463,469</u>	<u>475,302</u>	<u>11,833</u>
Total expenditures	<u>10,367,116</u>	<u>10,471,276</u>	<u>10,499,909</u>	<u>28,633</u>
Revenues over (under) expenditures	<u>238,211</u>	<u>134,051</u>	<u>715,620</u>	<u>581,569</u>
Other financing sources (uses):				
Sale of capital assets	-	-	1,414	1,414
Insurance recoveries	-	-	51,334	51,334
Transfers out	(737,873)	(737,873)	(748,331)	(10,458)
Transfers in	499,662	499,662	39,807	(459,855)
Total other financing sources (uses)	<u>(238,211)</u>	<u>(238,211)</u>	<u>(655,776)</u>	<u>(417,565)</u>
Net change in fund balance	<u>\$0</u>	<u>(\$104,160)</u>	59,844	<u>\$164,004</u>
Fund balance - January 1			<u>7,628,840</u>	
Fund balance - December 31			<u>\$7,688,684</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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 1,281	\$ 2,025	\$ 1,966	\$ 1,937	\$ 1,645	\$ 1,556
Interest cost	471	436	672	935	1,648	16,116
Plan changes	-	-	-	-	-	(402,538)
Differences between expected and actual experience	289,929	-	(3,354)	-	(12,815)	-
Changes in assumptions	(33,776)	-	(685)	1,317	(2,164)	400
Benefit payments	-	-	-	(11,216)	(16,670)	(35,410)
Net change in total OPEB liability	257,905	2,461	(1,401)	(7,027)	(28,356)	(419,876)
Total OPEB liability - beginning	22,253	19,792	21,193	28,220	56,576	476,452
Total OPEB liability - ending	\$ 280,158	\$ 22,253	\$ 19,792	\$ 21,193	\$ 28,220	\$ 56,576
Covered-employee payroll	\$2,998,058	\$2,997,809	\$2,910,494	\$2,761,631	\$2,681,195	\$5,049,054
Total OPEB liability as a percentage of covered-employee payroll	9.3%	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.

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

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%
2023	2023	0.0530%	2,963,701	81,757	3,045,458	4,217,484	72.2%	83.1%

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

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%
December 31, 2023	317,454	317,454	-	4,232,725	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.

CITY OF GRAND RAPIDS, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION

Statement 15

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY⁽¹⁾ -
 PUBLIC EMPLOYEES POLICE AND FIRE FUND
 For The Last Ten Years

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	0.1500%	\$1,704,351	\$ -	\$1,704,351	\$1,333,738	127.8%	86.6%
2016	2016	0.1440%	5,778,971	-	5,778,971	1,384,958	417.3%	63.9%
2017	2017	0.1310%	1,768,656	-	1,768,656	1,348,835	131.1%	85.4%
2018	2018	0.1331%	1,418,709	-	1,418,709	1,403,112	101.1%	88.8%
2019	2019	0.1377%	1,465,956	-	1,465,956	1,452,254	100.9%	89.3%
2020	2020	0.1315%	1,733,311	40,834	1,774,145	1,483,509	116.8%	87.2%
2021	2021	0.1298%	1,001,918	45,032	1,046,950	1,533,581	65.3%	93.7%
2022	2022	0.1363%	5,931,238	259,010	6,190,248	1,655,432	358.3%	70.5%
2023	2023	0.1405%	2,426,252	97,691	2,523,943	1,844,891	131.5%	86.5%

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.

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%
December 31, 2023	327,515	327,515	-	1,850,366	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.

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, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Measurement date	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total pension liability:					
Service cost	\$80,644	\$96,594	\$79,740	\$75,628	\$73,783
Interest cost	132,647	109,591	91,327	88,668	79,734
Plan changes	-	-	215,447	-	-
Gain or loss	-	(46,387)	-	-	-
Differences between expected and actual experience	-	-	-	69,157	-
Changes of assumptions	-	(71,281)	-	46,936	-
Benefit payments, including refunds of employee contributions	(31,000)	(76,200)	-	-	-
Net change in total pension liability	182,291	12,317	386,514	280,389	153,517
Total pension liability - beginning	2,145,637	2,133,320	1,746,806	1,466,417	1,312,900
Total pension liability - ending (a)	\$2,327,928	\$2,145,637	\$2,133,320	\$1,746,806	\$1,466,417
Plan fiduciary net position:					
Contributions - employer	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Contributions - State of Minnesota	147,629	132,100	143,391	137,585	131,658
Contributions - employee	-	-	-	-	-
Net investment income	197,727	183,640	161,612	242,051	133,639
Benefit payments, including refunds of employee contributions	(31,000)	(76,200)	-	-	-
Administrative expense	(12,886)	(10,429)	(12,532)	(12,022)	(11,439)
Gain or loss	(42,643)	(640,602)	185,786	-	271,292
Net change in plan fiduciary net position	263,827	(406,491)	483,257	372,614	530,150
Plan fiduciary net position - beginning	3,241,079	3,647,570	3,164,313	2,791,699	2,261,549
Plan fiduciary net position - ending (b)	\$3,504,906	\$3,241,079	\$3,647,570	\$3,164,313	\$2,791,699
Net pension liability / (asset) - ending (a) - (b)	(\$1,176,978)	(\$1,095,442)	(\$1,514,250)	(\$1,417,507)	(\$1,325,282)
Plan fiduciary net position as a percentage of the total pension liability	150.56%	151.05%	170.98%	181.15%	190.38%
Covered payroll	(2)	(2)	(2)	(2)	(2)
Net pension liability as a percentage of covered payroll	(2)	(2)	(2)	(2)	(2)
Fiscal year ending					
Measurement date					
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2015
Total pension liability:					
Service cost	\$71,473	\$63,391	\$72,757	\$75,241	\$75,241
Interest cost	81,962	72,102	68,376	66,133	66,133
Plan changes	-	99,530	-	-	-
Gain or loss	(21,899)	-	-	-	-
Differences between expected and actual experience	-	-	(40,925)	-	-
Changes of assumptions	26,796	-	(11,420)	-	-
Benefit payments, including refunds of employee contributions	(170,700)	-	(130,773)	(222,729)	(222,729)
Net change in total pension liability	(12,368)	235,023	(41,985)	(81,355)	(81,355)
Total pension liability - beginning	1,325,268	1,090,245	1,132,230	1,213,585	1,213,585
Total pension liability - ending (a)	\$1,312,900	\$1,325,268	\$1,090,245	\$1,132,230	\$1,132,230
Plan fiduciary net position:					
Contributions - employer	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Contributions - State of Minnesota	131,511	128,622	130,759	131,098	131,098
Contributions - employee	-	-	-	-	-
Net investment income	153,082	312,604	138,089	(98,329)	(98,329)
Benefit payments, including refunds of employee contributions	(170,700)	-	(130,773)	(222,729)	(222,729)
Administrative expense	(11,317)	(11,676)	(10,672)	(11,540)	(11,540)
Gain or loss	(318,100)	-	-	-	-
Net change in plan fiduciary net position	(210,524)	434,550	132,403	(196,500)	(196,500)
Plan fiduciary net position - beginning	2,472,073	2,037,523	1,905,120	2,101,620	2,101,620
Plan fiduciary net position - ending (b)	\$2,261,549	\$2,472,073	\$2,037,523	\$1,905,120	\$1,905,120
Net pension liability / (asset) - ending (a) - (b)	(\$948,649)	(\$1,146,805)	(\$947,278)	(\$772,890)	(\$772,890)
Plan fiduciary net position as a percentage of the total pension liability	172.26%	186.53%	186.89%	168.26%	168.26%
Covered payroll	(2)	(2)	(2)	(2)	(2)
Net pension liability as a percentage of covered payroll	(2)	(2)	(2)	(2)	(2)

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

See accompanying notes to the required supplementary information.

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

Statement 18

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)
December 31, 2023	-	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

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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.

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

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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%.

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

- 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.

2023 Changes

Changes in Actuarial Assumptions:

- Health care trend rates were added since the plan now has benefits where health care trend rates should be applied.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- These changes decreased the liability \$33,776.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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.

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

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NONMAJOR GOVERNMENTAL FUNDS

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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, 2023

Statement 19

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$1,276,244	\$6,922,546	\$1,659,456	\$9,858,246
Due from other governmental units	95,800	340,505	1,561,160	1,997,465
Due from component units	-	-	37,790	37,790
Accounts receivable	24,770	1,026	11,000	36,796
Pledges receivable	6,500	-	-	6,500
Prepaid items	24,028	-	375	24,403
Taxes receivable - delinquent	40,393	-	-	40,393
Special assessments receivable	-	1,647,380	552,306	2,199,686
Lease receivable	390,322	-	-	390,322
Total assets	\$1,858,057	\$8,911,457	\$3,822,087	\$14,591,601
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$38,665	\$241,376	\$245,275	\$525,316
Accrued wages payable	16,150	-	-	16,150
Due to other governmental units	2,076	-	-	2,076
Due to component units	23,611	-	21,463	45,074
Contracts payable	-	-	341,537	341,537
Due to other funds	52,625	-	747,045	799,670
Deposits payable	3,099	-	-	3,099
Interfund loan payable	23,242	-	-	23,242
Unearned revenue	59,128	-	127,860	186,988
Total liabilities	218,596	241,376	1,483,180	1,943,152
Deferred inflows of resources:				
Related to leases	390,322	-	-	390,322
Unavailable revenue	46,893	1,647,380	552,306	2,246,579
Total deferred inflows of resources	437,215	1,647,380	552,306	2,636,901
Fund balance:				
Nonspendable	24,028	-	375	24,403
Restricted	174,073	7,022,701	68,771	7,265,545
Committed	1,132,852	-	-	1,132,852
Assigned	-	-	1,753,599	1,753,599
Unassigned	(128,707)	-	(36,144)	(164,851)
Total fund balance	1,202,246	7,022,701	1,786,601	10,011,548
Total liabilities, deferred inflows of resources, and fund balance	\$1,858,057	\$8,911,457	\$3,822,087	\$14,591,601

CITY OF GRAND RAPIDS, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2023

Statement 20

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
General property	\$929,267	\$1,849,624	\$ -	\$2,778,891
Tax abatements	-	38,313	-	38,313
Tax increments	-	566,948	-	566,948
City sales tax	-	1,573,230	-	1,573,230
Intergovernmental	320,481	430,814	3,459,930	4,211,225
Special assessments	-	247,595	13,843	261,438
Charges for services	938,580	-	-	938,580
Fines and forfeits	44,924	-	-	44,924
Interest and investment income	34,277	45,774	9,529	89,580
Net increase (decrease) in the fair value of investments	7,028	14,812	54,429	76,269
Contributions and donations	52,725	-	282,388	335,113
Reimbursement from component units	-	-	2,955,365	2,955,365
Other	1,973	-	16,040	18,013
Total revenues	2,329,255	4,767,110	6,791,524	13,887,889
Expenditures:				
Current:				
General government	4,006	543,251	1,028,613	1,575,870
Public safety	161,843	-	-	161,843
Public works	564,231	-	70,383	634,614
Culture and recreation	1,414,614	-	380,063	1,794,677
Capital outlay/construction	118,610	-	7,422,253	7,540,863
Debt service:				
Principal retirement	2,345	2,590,000	-	2,592,345
Interest	197,270	835,212	-	1,032,482
Paying agent fees	-	7,575	-	7,575
Bond issuance costs	-	-	72,562	72,562
Total expenditures	2,462,919	3,976,038	8,973,874	15,412,831
Revenues over (under) expenditures	(133,664)	791,072	(2,182,350)	(1,524,942)
Other financing sources (uses):				
Lease issuance	34,672	-	-	34,672
Bond issuance	-	-	2,220,000	2,220,000
Bond premium	-	-	35,700	35,700
Sale of capital assets	17,703	-	42,977	60,680
Insurance recoveries	822	-	-	822
Transfers in	121,251	150,000	503,732	774,983
Transfers out	-	-	(469,652)	(469,652)
Total other financing sources (uses)	174,448	150,000	2,332,757	2,657,205
Net change in fund balance	40,784	941,072	150,407	1,132,263
Fund balance - January 1	1,161,462	6,081,629	1,636,194	8,879,285
Fund balance - December 31	\$1,202,246	\$7,022,701	\$1,786,601	\$10,011,548

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

Prior year ending fund balance reported	\$8,881,747
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
403 GR/Cohasset Industrial Park	161,762
Prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
484 2022 Infrastructure/ARPA	(164,224)
Current year beginning fund balance	\$8,879,285

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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.

Electric Vehicle Charging Stations – accounts for the operation, maintenance, and use of electric charging stations.

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2023

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Assets				
Cash and investments	\$750,820	\$110,683	\$190,160	\$ -
Due from other governmental units	37,613	-	39,206	-
Accounts receivable	1,500	-	4,462	18,678
Pledges receivable	-	-	-	6,500
Prepaid items	13,788	1,909	1,922	565
Taxes receivable - delinquent	30,642	-	-	-
Lease receivable	-	-	300,322	90,000
	<u>-</u>	<u>-</u>	<u>300,322</u>	<u>90,000</u>
Total assets	<u>\$834,363</u>	<u>\$112,592</u>	<u>\$536,072</u>	<u>\$115,743</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$13,804	\$6,984	\$2,673	\$14,439
Accrued wages payable	10,899	-	1,243	-
Due to other governmental units	1,548	-	44	483
Due to component units	2,231	1,278	980	18,467
Due to other funds	-	4,500	-	8,653
Deposits payable	-	3,099	-	-
Interfund loan payable	-	-	-	23,242
Unearned revenue	-	1,705	9,853	47,470
Total liabilities	<u>28,482</u>	<u>17,566</u>	<u>14,793</u>	<u>112,754</u>
Deferred inflows of resources:				
Related to leases	-	-	300,322	90,000
Unavailable revenue	30,642	-	-	6,500
Total deferred inflows of resources	<u>30,642</u>	<u>-</u>	<u>300,322</u>	<u>96,500</u>
Fund balance (deficit):				
Nonspendable	13,788	1,909	1,922	565
Restricted	-	-	109,518	-
Committed	761,451	93,117	109,517	-
Unassigned	-	-	-	(94,076)
Total fund balance (deficit)	<u>775,239</u>	<u>95,026</u>	<u>220,957</u>	<u>(93,511)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$834,363</u>	<u>\$112,592</u>	<u>\$536,072</u>	<u>\$115,743</u>

<u>231 Haz-Mat</u>	<u>232 Police Forfeiture</u>	<u>233 Cemetery</u>	<u>235 Domestic Animal Control Facility</u>	<u>240 Electric Vehicle Charging Stations</u>	<u>Totals Nonmajor Special Revenue Funds</u>
\$ -	\$59,915	\$161,326	\$3,340	\$ -	\$1,276,244
9,775	-	774	8,432	-	95,800
-	-	100	-	30	24,770
-	-	-	-	-	6,500
-	-	5,043	801	-	24,028
-	-	9,751	-	-	40,393
-	-	-	-	-	390,322
<u>\$9,775</u>	<u>\$59,915</u>	<u>\$176,994</u>	<u>\$12,573</u>	<u>\$30</u>	<u>\$1,858,057</u>
\$ -	\$ -	\$64	\$701	\$ -	\$38,665
287	-	2,801	920	-	16,150
-	-	-	1	-	2,076
-	-	217	401	37	23,611
4,848	-	-	-	34,624	52,625
-	-	-	-	-	3,099
-	-	-	-	-	23,242
-	-	100	-	-	59,128
<u>5,135</u>	<u>0</u>	<u>3,182</u>	<u>2,023</u>	<u>34,661</u>	<u>218,596</u>
-	-	-	-	-	390,322
-	-	9,751	-	-	46,893
-	-	9,751	-	-	437,215
-	-	5,043	801	-	24,028
4,640	59,915	-	-	-	174,073
-	-	159,018	9,749	-	1,132,852
-	-	-	-	(34,631)	(128,707)
<u>4,640</u>	<u>59,915</u>	<u>164,061</u>	<u>10,550</u>	<u>(34,631)</u>	<u>1,202,246</u>
<u>\$9,775</u>	<u>\$59,915</u>	<u>\$176,994</u>	<u>\$12,573</u>	<u>\$30</u>	<u>\$1,858,057</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, 2023

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Revenues:				
General property taxes	\$716,366	\$ -	\$ -	\$ -
Intergovernmental	35,268	-	174,962	-
Charges for services	201,397	57,412	140,419	503,641
Fines and forfeits	86	-	-	-
Interest and investment income	7,786	572	14,723	9,676
Net increase (decrease) in the fair value of investments	7,028	-	-	-
Contributions and donations	42,075	-	-	2,000
Other	-	803	250	-
Total revenues	<u>1,010,006</u>	<u>58,787</u>	<u>330,354</u>	<u>515,317</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	317,150	-
Culture and recreation	932,970	116,681	-	364,963
Capital outlay/construction	7,898	-	23,376	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	196,597
Total expenditures	<u>940,868</u>	<u>116,681</u>	<u>340,526</u>	<u>561,560</u>
Revenues over (under) expenditures	<u>69,138</u>	<u>(57,894)</u>	<u>(10,172)</u>	<u>(46,243)</u>
Other financing sources (uses):				
Lease issuance	-	-	-	-
Sale of capital assets	-	-	16,362	-
Insurance recoveries	-	-	822	-
Transfers in	4,452	58,289	20,000	-
Total other financing sources (uses)	<u>4,452</u>	<u>58,289</u>	<u>37,184</u>	<u>0</u>
Net change in fund balance	73,590	395	27,012	(46,243)
Fund balance (deficit) - January 1	<u>701,649</u>	<u>94,631</u>	<u>193,945</u>	<u>(47,268)</u>
Fund balance (deficit) - December 31	<u>\$775,239</u>	<u>\$95,026</u>	<u>\$220,957</u>	<u>(\$93,511)</u>

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	240 Electric Vehicle Charging Stations	Totals Nonmajor Special Revenue Funds
\$ -	\$ -	\$212,901	\$ -	\$ -	\$929,267
95,314	1,456	10,481	3,000	-	320,481
-	-	35,676	-	35	938,580
-	13,318	-	31,520	-	44,924
-	480	1,040	-	-	34,277
-	-	-	-	-	7,028
-	8,650	-	-	-	52,725
-	-	920	-	-	1,973
<u>95,314</u>	<u>23,904</u>	<u>261,018</u>	<u>34,520</u>	<u>35</u>	<u>2,329,255</u>
-	-	-	-	4,006	4,006
91,114	1,456	-	69,273	-	161,843
-	-	247,081	-	-	564,231
-	-	-	-	-	1,414,614
-	16,501	40,175	-	30,660	118,610
-	-	2,345	-	-	2,345
-	-	673	-	-	197,270
<u>91,114</u>	<u>17,957</u>	<u>290,274</u>	<u>69,273</u>	<u>34,666</u>	<u>2,462,919</u>
<u>4,200</u>	<u>5,947</u>	<u>(29,256)</u>	<u>(34,753)</u>	<u>(34,631)</u>	<u>(133,664)</u>
-	-	34,672	-	-	34,672
-	-	1,341	-	-	17,703
-	-	-	-	-	822
-	-	3,757	34,753	-	121,251
<u>0</u>	<u>0</u>	<u>39,770</u>	<u>34,753</u>	<u>0</u>	<u>174,448</u>
4,200	5,947	10,514	0	(34,631)	40,784
<u>440</u>	<u>53,968</u>	<u>153,547</u>	<u>10,550</u>	<u>-</u>	<u>1,161,462</u>
<u>\$4,640</u>	<u>\$59,915</u>	<u>\$164,061</u>	<u>\$10,550</u>	<u>(\$34,631)</u>	<u>\$1,202,246</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, 2023

	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	\$203,224	\$319,485	\$449,226	\$214,726
Accounts receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Special assessments:				
Delinquent	2,814	1	-	-
Deferred	-	101,246	84,475	99,650
Special deferred	130,038	-	637,845	-
Total assets	\$336,076	\$420,732	\$1,171,546	\$314,376
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$500	\$ -	\$ -	\$ -
Total liabilities	500	0	0	0
Deferred inflows of resources:				
Unavailable revenue	132,852	101,247	722,320	99,650
Total deferred inflows of resources	132,852	101,247	722,320	99,650
Fund balance:				
Restricted	202,724	319,485	449,226	214,726
Total fund balance	202,724	319,485	449,226	214,726
Total liabilities, deferred inflows of resources, and fund balance	\$336,076	\$420,732	\$1,171,546	\$314,376

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
\$362,727	\$1,132,045	\$501,697	\$115,488	\$214,693	\$541,098	\$12,038
-	-	1,026	-	-	-	-
-	340,505	-	-	-	-	-
-	-	2,128	-	327	2,355	-
8,014	-	46,589	13,539	64,112	81,058	-
-	-	-	-	-	5,152	-
<u>\$370,741</u>	<u>\$1,472,550</u>	<u>\$551,440</u>	<u>\$129,027</u>	<u>\$279,132</u>	<u>\$629,663</u>	<u>\$12,038</u>
\$ -	\$500	\$ -	\$ -	\$ -	\$ -	\$ -
<u>0</u>	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
8,014	-	48,717	13,539	64,439	88,565	-
<u>8,014</u>	<u>0</u>	<u>48,717</u>	<u>13,539</u>	<u>64,439</u>	<u>88,565</u>	<u>0</u>
362,727	1,472,050	502,723	115,488	214,693	541,098	12,038
<u>362,727</u>	<u>1,472,050</u>	<u>502,723</u>	<u>115,488</u>	<u>214,693</u>	<u>541,098</u>	<u>12,038</u>
<u>\$370,741</u>	<u>\$1,472,550</u>	<u>\$551,440</u>	<u>\$129,027</u>	<u>\$279,132</u>	<u>\$629,663</u>	<u>\$12,038</u>

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2023

	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	\$737,823	\$346,008	\$310,868	\$382,850	\$31,194
Accounts receivable	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Special assessments:					
Delinquent	7,742	74	379	429	-
Deferred	102,641	49,888	94,151	108,266	-
Special deferred	1,175	-	-	3,292	-
Total assets	\$849,381	\$395,970	\$405,398	\$494,837	\$31,194
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$22,709
Total liabilities	0	0	0	0	22,709
Deferred inflows of resources:					
Unavailable revenue	111,558	49,962	94,530	111,987	-
Total deferred inflows of resources	111,558	49,962	94,530	111,987	0
Fund balance:					
Restricted	737,823	346,008	310,868	382,850	8,485
Total fund balance	737,823	346,008	310,868	382,850	8,485
Total liabilities, deferred inflows of resources, and fund balance	\$849,381	\$395,970	\$405,398	\$494,837	\$31,194

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	379 TIF 1-13 Unique Opportunities	Totals Nonmajor Debt Service Funds
\$58,203	\$104,142	\$28,930	\$47,439	\$565,158	\$76,930	\$22,334	\$115,957	\$28,263	\$6,922,546
-	-	-	-	-	-	-	-	-	1,026
-	-	-	-	-	-	-	-	-	340,505
-	-	-	-	-	-	-	-	-	16,249
-	-	-	-	-	-	-	-	-	853,629
-	-	-	-	-	-	-	-	-	777,502
<u>\$58,203</u>	<u>\$104,142</u>	<u>\$28,930</u>	<u>\$47,439</u>	<u>\$565,158</u>	<u>\$76,930</u>	<u>\$22,334</u>	<u>\$115,957</u>	<u>\$28,263</u>	<u>\$8,911,457</u>
\$21,527	\$ -	\$7,193	\$20,304	\$ -	\$35,519	\$17,336	\$92,576	\$23,212	\$241,376
<u>21,527</u>	<u>0</u>	<u>7,193</u>	<u>20,304</u>	<u>0</u>	<u>35,519</u>	<u>17,336</u>	<u>92,576</u>	<u>23,212</u>	<u>241,376</u>
-	-	-	-	-	-	-	-	-	1,647,380
<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>0</u>	<u>1,647,380</u>
36,676	104,142	21,737	27,135	565,158	41,411	4,998	23,381	5,051	7,022,701
<u>36,676</u>	<u>104,142</u>	<u>21,737</u>	<u>27,135</u>	<u>565,158</u>	<u>41,411</u>	<u>4,998</u>	<u>23,381</u>	<u>5,051</u>	<u>7,022,701</u>
<u>\$58,203</u>	<u>\$104,142</u>	<u>\$28,930</u>	<u>\$47,439</u>	<u>\$565,158</u>	<u>\$76,930</u>	<u>\$22,334</u>	<u>\$115,957</u>	<u>\$28,263</u>	<u>\$8,911,457</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, 2023

	305 Refunding Bonds of 2017B	306 GO Street Reconstruction & CIP 2018A	307 GO & Abatement Bond 2019A	310 GO Street Reconstruction Bonds of 2020A	311 GO & Abatement Bond 2021B
Revenues:					
Taxes:					
General property	\$59,743	\$131,597	\$125,945	\$156,625	\$385,103
Tax abatement	-	-	-	-	-
Tax increments	-	-	-	-	-
City sales tax	-	-	-	-	-
Intergovernmental:					
State:					
Supplemental aid	2,949	6,496	6,217	7,731	19,009
MSA	-	-	-	-	-
Federal BAB credit	-	-	-	-	-
Special assessments	28,214	13,662	18,760	14,902	6,802
Interest and investment income	1,474	2,226	3,287	1,166	1,612
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Total revenues	92,380	153,981	154,209	180,424	412,526
Expenditures:					
General government:					
Current:					
Contractual services	4,000	2,750	250	249	251
Developer assistance	-	-	-	-	-
Debt service:					
Principal retirement	295,000	120,000	90,000	135,000	245,000
Interest	9,375	48,538	33,880	36,013	137,931
Paying agent fees	500	550	550	500	500
Total expenditures	308,875	171,838	124,680	171,762	383,682
Revenues over (under) expenditures	(216,495)	(17,857)	29,529	8,662	28,844
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	(216,495)	(17,857)	29,529	8,662	28,844
Fund balance (deficit) - January 1	419,219	337,342	419,697	206,064	333,883
Fund balance (deficit) - December 31	\$202,724	\$319,485	\$449,226	\$214,726	\$362,727

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	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A
\$ -	\$252,838	\$50,863	\$28,118	\$74,818	\$ -	\$90,687	\$207,084
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,573,230	-	-	-	-	-	-	-
-	12,480	2,511	1,388	3,693	-	4,476	10,222
-	-	-	-	-	322,025	-	-
-	15,468	-	-	-	-	-	-
-	42,947	5,448	22,898	22,420	-	29,819	9,665
5,718	3,123	767	1,659	4,504	329	6,010	2,093
-	-	-	-	6,249	-	8,563	-
1,578,948	326,856	59,589	54,063	111,684	322,354	139,555	229,064
35,552	249	250	250	248	250	1,248	252
-	-	-	-	-	-	-	-
-	345,000	60,000	70,000	155,000	290,000	270,000	205,000
250,695	46,866	7,750	10,143	27,868	32,025	63,738	33,480
500	400	400	525	525	525	550	550
286,747	392,515	68,400	80,918	183,641	322,800	335,536	239,282
1,292,201	(65,659)	(8,811)	(26,855)	(71,957)	(446)	(195,981)	(10,218)
-	-	-	-	-	-	150,000	-
0	0	0	0	0	0	150,000	0
1,292,201	(65,659)	(8,811)	(26,855)	(71,957)	(446)	(45,981)	(10,218)
179,849	568,382	124,299	241,548	613,055	12,484	783,804	356,226
\$1,472,050	\$502,723	\$115,488	\$214,693	\$541,098	\$12,038	\$737,823	\$346,008

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, 2023

	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights	371 TIF 1-6 Old Hospital Housing Bonds
Revenues:					
Taxes:					
General property	\$139,670	\$146,533	\$ -	\$ -	\$ -
Tax abatement	-	-	38,313	-	-
Tax increments	-	-	-	47,839	61,393
City Sales Tax	-	-	-	-	-
Intergovernmental:					
State:					
Supplemental aid	6,894	7,233	-	-	-
MSA	-	-	-	-	-
Federal BAB credit	-	-	-	-	-
Special assessments	17,563	14,495	-	-	-
Interest and investment income	2,048	2,686	18	340	649
Net increase (decrease) in the fair value of investments	-	-	-	-	-
Total revenues	<u>166,175</u>	<u>170,947</u>	<u>38,331</u>	<u>48,179</u>	<u>62,042</u>
Expenditures:					
General government:					
Current:					
Contractual services	250	252	-	238	615
Developer assistance	-	-	45,427	43,055	-
Debt service:					
Principal retirement	140,000	130,000	-	-	40,000
Interest	29,760	51,225	-	-	15,925
Paying agent fees	500	500	-	-	-
Total expenditures	<u>170,510</u>	<u>181,977</u>	<u>45,427</u>	<u>43,293</u>	<u>56,540</u>
Revenues over (under) expenditures	<u>(4,335)</u>	<u>(11,030)</u>	<u>(7,096)</u>	<u>4,886</u>	<u>5,502</u>
Other financing sources (uses):					
Transfers in					
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>(4,335)</u>	<u>(11,030)</u>	<u>(7,096)</u>	<u>4,886</u>	<u>5,502</u>
Fund balance (deficit) - January 1	<u>315,203</u>	<u>393,880</u>	<u>15,581</u>	<u>31,790</u>	<u>98,640</u>
Fund balance (deficit) - December 31	<u>\$310,868</u>	<u>\$382,850</u>	<u>\$8,485</u>	<u>\$36,676</u>	<u>\$104,142</u>

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	379 TIF 1-13 Unique Opportunities	Totals Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,849,624
-	-	-	-	-	-	-	38,313
15,985	41,541	25,426	78,933	38,524	205,725	51,582	566,948
-	-	-	-	-	-	-	1,573,230
-	2,022	-	-	-	-	-	93,321
-	-	-	-	-	-	-	322,025
-	-	-	-	-	-	-	15,468
-	-	-	-	-	-	-	247,595
197	254	4,762	396	107	284	65	45,774
-	-	-	-	-	-	-	14,812
<u>16,182</u>	<u>43,817</u>	<u>30,188</u>	<u>79,329</u>	<u>38,631</u>	<u>206,009</u>	<u>51,647</u>	<u>4,767,110</u>
238	-	862	238	453	172	172	49,289
14,387	39,207	-	71,040	49,270	185,152	46,424	493,962
-	-	-	-	-	-	-	2,590,000
-	-	-	-	-	-	-	835,212
-	-	-	-	-	-	-	7,575
<u>14,625</u>	<u>39,207</u>	<u>862</u>	<u>71,278</u>	<u>49,723</u>	<u>185,324</u>	<u>46,596</u>	<u>3,976,038</u>
<u>1,557</u>	<u>4,610</u>	<u>29,326</u>	<u>8,051</u>	<u>(11,092)</u>	<u>20,685</u>	<u>5,051</u>	<u>791,072</u>
-	-	-	-	-	-	-	150,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>
1,557	4,610	29,326	8,051	(11,092)	20,685	5,051	941,072
20,180	22,525	535,832	33,360	16,090	2,696	-	6,081,629
<u>\$21,737</u>	<u>\$27,135</u>	<u>\$565,158</u>	<u>\$41,411</u>	<u>\$4,998</u>	<u>\$23,381</u>	<u>\$5,051</u>	<u>\$7,022,701</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.

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.

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

Infrastructure – ARPA Fund – accounts for infrastructure projects and the accumulation of resources and the costs related to the American Rescue Plan Funding.

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, 2023

Assets	401 General Capital Improvement Projects	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
Cash and investments	\$6,080	\$ -	\$45,910	\$ -
Due from other governmental units	413,804	502,033	-	645,323
Due from component units	-	-	-	-
Accounts receivable	-	-	11,000	-
Prepaid items	-	-	375	-
Special assessments receivable:				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Special deferred	-	-	-	-
Total assets	\$419,884	\$502,033	\$57,285	\$645,323
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$211,111	\$ -	\$ -	\$4,855
Due to component units	-	-	-	2,254
Contracts payable	-	-	-	16,194
Due to other funds	10,862	88,674	-	647,509
Unearned revenue	-	-	-	-
Total liabilities	221,973	88,674	0	670,812
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	0	0	0	0
Fund balance (deficit):				
Nonspendable	-	-	375	-
Restricted	68,771	-	-	-
Assigned	129,140	413,359	56,910	-
Unassigned	-	-	-	(25,489)
Total fund balance (deficit)	197,911	413,359	57,285	(25,489)
Total liabilities, deferred inflows of resources, and fund balance	\$419,884	\$502,033	\$57,285	\$645,323

418 GR Arts and Culture Capital Project	482 2021 Infrastructure Bonds	484 2022 Infrastructure/ ARPA	485 2023 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds
\$83,600	\$497,298	\$143,480	\$729,163	\$153,925	\$1,659,456
-	-	-	-	-	1,561,160
-	-	-	-	37,790	37,790
-	-	-	-	-	11,000
-	-	-	-	-	375
-	-	-	-	12,578	12,578
-	-	-	-	229,618	229,618
-	-	-	-	310,110	310,110
<u>\$83,600</u>	<u>\$497,298</u>	<u>\$143,480</u>	<u>\$729,163</u>	<u>\$744,021</u>	<u>\$3,822,087</u>
\$1,125	\$11,417	\$7,066	\$9,701	\$ -	\$245,275
-	-	19,209	-	-	21,463
-	239,809	-	85,534	-	341,537
-	-	-	-	-	747,045
-	-	127,860	-	-	127,860
<u>1,125</u>	<u>251,226</u>	<u>154,135</u>	<u>95,235</u>	<u>0</u>	<u>1,483,180</u>
-	-	-	-	552,306	552,306
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>552,306</u>	<u>552,306</u>
-	-	-	-	-	375
-	-	-	-	-	68,771
82,475	246,072	-	633,928	191,715	1,753,599
-	-	(10,655)	-	-	(36,144)
<u>82,475</u>	<u>246,072</u>	<u>(10,655)</u>	<u>633,928</u>	<u>191,715</u>	<u>1,786,601</u>
<u>\$83,600</u>	<u>\$497,298</u>	<u>\$143,480</u>	<u>\$729,163</u>	<u>\$744,021</u>	<u>\$3,822,087</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, 2023

	401 General Capital Improvement Projects	402 Municipal State Aid	404 Park Acquisition and Development	413 Airport Capital Fund
Revenues:				
Intergovernmental:				
State:				
MSA	\$ -	\$593,288	\$ -	\$81,864
Other	916,827	-	-	146,668
Other intergovernmental	-	-	-	284,599
Special assessments	-	-	-	-
Interest and investment income	2,447	3,287	480	-
Net increase (decrease) in the fair value of investments	-	-	-	-
Contributions and donations	252,500	-	8,175	21,713
Reimbursement from component units	-	411,189	-	-
Other	16,040	-	-	-
Total revenues	<u>1,187,814</u>	<u>1,007,764</u>	<u>8,655</u>	<u>534,844</u>
Expenditures:				
Current:				
General government	1,014,724	-	-	-
Public works	-	61,033	-	9,350
Culture and recreation	-	-	18,559	-
Capital outlay/construction	380,144	1,237,686	-	715,630
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	<u>1,394,868</u>	<u>1,298,719</u>	<u>18,559</u>	<u>724,980</u>
Revenues over (under) expenditures	<u>(207,054)</u>	<u>(290,955)</u>	<u>(9,904)</u>	<u>(190,136)</u>
Other financing sources (uses):				
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Sale of capital assets	-	35,321	-	7,656
Transfers in	231,620	180,727	-	28,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>231,620</u>	<u>216,048</u>	<u>0</u>	<u>35,656</u>
Net change in fund balance	24,566	(74,907)	(9,904)	(154,480)
Fund balance (deficit) - January 1	<u>173,345</u>	<u>488,266</u>	<u>67,189</u>	<u>128,991</u>
Fund balance (deficit) - December 31	<u>\$197,911</u>	<u>\$413,359</u>	<u>\$57,285</u>	<u>(\$25,489)</u>

418 GR Arts and Culture Capital Project	482 2021 Infrastructure Bonds	484 2022 Infrastructure/ ARPA	485 2023 Infrastructure Bonds	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$675,152
-	-	627,582	-	-	1,691,077
-	-	809,102	-	-	1,093,701
-	-	-	-	13,843	13,843
235	-	-	-	3,080	9,529
-	-	6,562	-	47,867	54,429
-	-	-	-	-	282,388
-	-	40,963	2,503,213	-	2,955,365
-	-	-	-	-	16,040
235	0	1,484,209	2,503,213	64,790	6,791,524
2,249	-	-	-	11,640	1,028,613
-	-	-	-	-	70,383
-	361,504	-	-	-	380,063
-	134,068	932,262	3,998,453	24,010	7,422,253
-	-	-	72,562	-	72,562
2,249	495,572	932,262	4,071,015	35,650	8,973,874
(2,014)	(495,572)	551,947	(1,567,802)	29,140	(2,182,350)
-	-	-	2,220,000	-	2,220,000
-	-	-	35,700	-	35,700
-	-	-	-	-	42,977
63,385	-	-	-	-	503,732
-	-	(398,378)	(53,970)	(17,304)	(469,652)
63,385	0	(398,378)	2,201,730	(17,304)	2,332,757
61,371	(495,572)	153,569	633,928	11,836	150,407
21,104	741,644	(164,224)	-	179,879	1,636,194
\$82,475	\$246,072	(\$10,655)	\$633,928	\$191,715	\$1,786,601

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

Prior year ending fund balance reported	\$1,638,656
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year: 403 GR/Cohasset Industrial Park	161,762
Prior year ending fund balance for funds reported as major in prior year and nonmajor in current year: 484 2022 Infrastructure/ARPA	(164,224)
Current year beginning fund balance	\$1,636,194

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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, 2023

Statement 27

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
General property taxes	\$759,331	\$759,331	\$716,366
Intergovernmental:			
State:			
Supplemental aid	-	-	35,268
Charges for services:			
Townships	128,000	128,000	143,384
Other	28,081	28,081	58,013
Fines and forfeits	-	-	86
Interest and investment income	4,300	4,300	7,786
Net increase (decrease) in the fair value of investments	-	-	7,028
Contributions and donations	1,500	1,500	42,075
Total revenues	<u>921,212</u>	<u>921,212</u>	<u>1,010,006</u>
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	686,946	686,946	682,233
Materials and supplies	90,218	90,218	94,405
Other services and charges	148,500	148,500	156,332
Capital outlay	-	-	7,898
Total expenditures	<u>925,664</u>	<u>925,664</u>	<u>940,868</u>
Revenues over (under) expenditures	<u>(4,452)</u>	<u>(4,452)</u>	<u>69,138</u>
Other financing sources (uses)			
Transfers in	4,452	4,452	4,452
Total other financing sources (uses)	<u>4,452</u>	<u>4,452</u>	<u>4,452</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>73,590</u>
Fund balance - January 1			<u>701,649</u>
Fund balance - December 31			<u><u>\$775,239</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, 2023

Statement 28

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$56,100	\$56,100	\$57,412
Interest and investment income	-	-	572
Other	-	-	803
Total revenues	<u>56,100</u>	<u>56,100</u>	<u>58,787</u>
Expenditures:			
Culture and recreation:			
Current:			
Materials and supplies	1,800	1,800	1,811
Other services and charges	<u>114,250</u>	<u>114,250</u>	<u>114,870</u>
Total expenditures	<u>116,050</u>	<u>116,050</u>	<u>116,681</u>
Revenues over (under) expenditures	<u>(59,950)</u>	<u>(59,950)</u>	<u>(57,894)</u>
Other financing sources (uses):			
Transfers in	<u>59,950</u>	<u>59,950</u>	<u>58,289</u>
Total other financing sources (uses)	<u>59,950</u>	<u>59,950</u>	<u>58,289</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	395
Fund balance - January 1			<u>94,631</u>
Fund balance - December 31			<u><u>\$95,026</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, 2023

Statement 29

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$122,050	\$122,050	\$124,354
Other	20,696	20,696	16,065
Intergovernmental:			
State operations reimbursement	66,231	66,231	66,231
Itasca County	20,000	20,000	62,833
Federal	-	-	45,898
Interest and investment income	300	300	14,723
Other	-	-	250
Total revenues	<u>229,277</u>	<u>229,277</u>	<u>330,354</u>
Expenditures:			
Public works:			
Current:			
Personnel services	113,791	113,791	106,956
Materials and supplies	39,500	39,500	16,315
Other services and charges	107,000	107,000	193,879
Capital outlay	-	-	23,376
Total expenditures	<u>260,291</u>	<u>260,291</u>	<u>340,526</u>
Revenues over (under) expenditures	<u>(31,014)</u>	<u>(31,014)</u>	<u>(10,172)</u>
Other financing sources (uses):			
Sale of capital assets	-	-	16,362
Insurance recoveries	-	-	822
Transfers in	31,014	31,014	20,000
Total other financing sources (uses)	<u>31,014</u>	<u>31,014</u>	<u>37,184</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	27,012
Fund balance - January 1			<u>193,945</u>
Fund balance - December 31			<u><u>\$220,957</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, 2023

Statement 30

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services:			
Rent	\$470,000	\$470,000	\$433,048
Advertising	36,000	36,000	65,967
Other	2,600	2,600	4,626
Interest and investment income	-	-	9,676
Contributions and donations	-	-	2,000
Total revenues	<u>508,600</u>	<u>508,600</u>	<u>515,317</u>
Expenditures:			
Culture and recreation:			
Current:			
Personnel services	225,067	120,907	124,112
Materials and supplies	7,000	7,000	9,187
Other services and charges	254,083	254,083	231,664
Debt service:			
Interest	-	-	196,597
Total expenditures	<u>486,150</u>	<u>381,990</u>	<u>561,560</u>
Revenues over (under) expenditures	<u>22,450</u>	<u>126,610</u>	<u>(46,243)</u>
Net change in fund balance	<u>\$22,450</u>	<u>\$126,610</u>	<u>(46,243)</u>
Fund balance (deficit) - January 1			<u>(47,268)</u>
Fund balance (deficit) - December 31			<u><u>(\$93,511)</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, 2023

Statement 31

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental:			
State:			
Haz-Mat reimbursement	\$60,000	\$60,000	\$95,314
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>95,314</u>
Expenditures:			
Public safety:			
Current:			
Personnel services	32,190	32,190	51,087
Materials and supplies	10,810	10,810	7,630
Other services and charges	17,000	17,000	32,397
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>91,114</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	4,200
Fund balance - January 1			<u>440</u>
Fund balance - December 31			<u><u>\$4,640</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, 2023

Statement 32

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental	\$ -	\$ -	\$1,456
Fines and forfeits	4,000	4,000	13,318
Interest and investment income	-	-	480
Miscellaneous	250	250	8,650
Total revenues	<u>4,250</u>	<u>4,250</u>	<u>23,904</u>
Expenditures:			
Public safety:			
Current:			
Materials and supplies	3,500	3,500	1,456
Capital outlay	-	-	16,501
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>17,957</u>
Revenues over (under) expenditures	<u>\$750</u>	<u>\$750</u>	5,947
Fund balance - January 1			<u>53,968</u>
Fund balance - December 31			<u><u>\$59,915</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, 2023

Statement 33

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
General property taxes	\$226,157	\$226,157	\$212,901
Intergovernmental:			
State:			
Supplemental aid	-	-	10,481
Charges for services:			
Cemetery	34,500	34,500	35,676
Interest and investment income	300	300	1,040
Other	1,000	1,000	920
Total revenues	<u>261,957</u>	<u>261,957</u>	<u>261,018</u>
Expenditures:			
Public works:			
Current:			
Personnel services	212,874	212,874	216,982
Materials and supplies	13,600	13,600	8,340
Other services and charges	39,240	39,240	21,759
Capital outlay	-	-	40,175
Debt service:			
Principal retirement	-	-	2,345
Interest	-	-	673
Total expenditures	<u>265,714</u>	<u>265,714</u>	<u>290,274</u>
Revenues over (under) expenditures	<u>(3,757)</u>	<u>(3,757)</u>	<u>(29,256)</u>
Other financing sources (uses):			
Lease issuance	-	-	34,672
Sale of capital assets	-	-	1,341
Transfers in	3,757	3,757	3,757
Total other financing sources (uses)	<u>3,757</u>	<u>3,757</u>	<u>39,770</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	10,514
Fund balance - January 1			<u>153,547</u>
Fund balance - December 31			<u><u>\$164,061</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, 2023

Statement 34

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental	\$3,000	\$3,000	\$3,000
Fines and forfeits	37,250	37,250	31,520
Total revenues	<u>40,250</u>	<u>40,250</u>	<u>34,520</u>
Expenditures:			
Public safety:			
Current:			
Personnel services	55,013	55,013	53,105
Materials and supplies	4,000	4,000	2,952
Other services and charges	18,160	18,160	13,216
Total expenditures	<u>77,173</u>	<u>77,173</u>	<u>69,273</u>
Revenues over (under) expenditures	<u>(36,923)</u>	<u>(36,923)</u>	<u>(34,753)</u>
Other financing sources (uses)			
Transfers in	36,923	36,923	34,753
Total other financing sources (uses)	<u>36,923</u>	<u>36,923</u>	<u>34,753</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	0
Fund balance - January 1			<u>10,550</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.

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
 December 31, 2023

Statement 35

	<u>872 Lodging Tax</u>	<u>877 Cable TV Commision</u>	<u>Totals</u>
Assets:			
Cash and investments	\$20,788	\$80,986	\$101,774
Receivables:			
Accounts	-	-	-
Total assets	<u>20,788</u>	<u>80,986</u>	<u>101,774</u>
Liabilities:			
Accounts payable	<u>20,788</u>	<u>80,986</u>	<u>101,774</u>
Total liabilities	<u>20,788</u>	<u>80,986</u>	<u>101,774</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, 2023

Statement 36

	<u>872 Lodging Tax</u>	<u>877 Cable TV Commision</u>	<u>Totals</u>
Additions:			
Lodging tax collections	\$432,584	\$ -	\$432,584
Cable franchise fee collections	-	236,858	236,858
Total additions	<u>432,584</u>	<u>236,858</u>	<u>669,442</u>
Deductions:			
Payments to other entities	410,176	229,520	639,696
Administrative fees	22,408	7,338	29,746
Total deductions	<u>432,584</u>	<u>236,858</u>	<u>669,442</u>
Net increase (decrease) in fiduciary net position	-	-	-
Net position - beginning	-	-	-
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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COMPONENT UNIT

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

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
 December 31, 2023

Statement 37

Assets	General	Capital Project	Totals
Cash and investments	\$35,293	\$1,068,243	\$1,103,536
Due from other governmental units	-	156	156
Accounts receivable	-	37,566	37,566
Inventory - land held for resale	-	2,657,072	2,657,072
Notes receivable	-	635,001	635,001
Total assets	\$35,293	\$4,398,038	\$4,433,331
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$10,006	\$31,093	\$41,099
Due to other governmental units	-	9,081	9,081
Due to primary government	-	37,790	37,790
Unearned revenue	-	646,508	646,508
Total liabilities	10,006	724,472	734,478
Deferred inflows of resources:			
Unavailable revenue	-	3,320,590	3,320,590
Total deferred inflows of resources	0	3,320,590	3,320,590
Fund balance:			
Restricted	-	75,000	75,000
Assigned	25,287	277,976	303,263
Total fund balance	25,287	352,976	378,263
Total liabilities, deferred inflows of resources, and fund balance	\$35,293	\$4,398,038	\$4,433,331

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, 2023

	General	Capital Project	Totals
Revenues:			
General property taxes	\$35,000	\$40,083	\$75,083
Intergovernmental	-	23,706	23,706
Charges for services	-	4,080	4,080
Interest and investment income	128	14,140	14,268
Net increase (decrease) in the fair value of investments	-	9,934	9,934
Contributions	-	130,720	130,720
Miscellaneous:			
Loan repayment	-	278,561	278,561
Other	-	18,052	18,052
Total revenues	<u>35,128</u>	<u>519,276</u>	<u>554,404</u>
Expenditures:			
Economic development:			
Current:			
Materials and supplies	7	-	7
Other services and charges	14,130	1,240,896	1,255,026
Loan disbursement	-	165,000	165,000
Debt service:			
Principal	-	143,032	143,032
Interest	-	214	214
Total expenditures	<u>14,137</u>	<u>1,549,142</u>	<u>1,563,279</u>
Revenues over (under) expenditures	<u>20,991</u>	<u>(1,029,866)</u>	<u>(1,008,875)</u>
Other financing sources (uses):			
Sale of land held for resale	-	292,390	292,390
Total other financial sources (uses)	<u>-</u>	<u>292,390</u>	<u>292,390</u>
Net change in fund balance	20,991	(737,476)	(716,485)
Fund balance - January 1	<u>4,296</u>	<u>1,090,452</u>	<u>1,094,748</u>
Fund balance - December 31	<u>\$25,287</u>	<u>\$352,976</u>	<u>\$378,263</u>

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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			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$33,830,578	\$33,884,548	\$36,971,014	\$37,512,555
Restricted	10,281,228	9,803,311	10,100,529	13,147,731
Unrestricted	4,784,327	4,927,309	2,940,736	(1,186,433)
Total governmental activities net position	<u>\$48,896,133</u>	<u>\$48,615,168</u>	<u>\$50,012,279</u>	<u>\$49,473,853</u>
Business type activities:				
Net investment in capital assets	\$2,894,190	\$2,841,005	\$2,797,345	\$2,904,137
Restricted	-	-	-	-
Unrestricted	424,469	494,673	337,782	14,513
Total business-type activities net position	<u>\$3,318,659</u>	<u>\$3,335,678</u>	<u>\$3,135,127</u>	<u>\$2,918,650</u>
Primary government:				
Net investment in capital assets	\$36,724,768	\$36,725,553	\$39,768,359	\$40,416,692
Restricted	10,281,228	9,803,311	10,100,529	13,147,731
Unrestricted	5,208,796	5,421,982	3,278,518	(1,171,920)
Total primary government net position	<u>\$52,214,792</u>	<u>\$51,950,846</u>	<u>\$53,147,406</u>	<u>\$52,392,503</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.

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$40,214,116	\$42,846,042	\$45,277,093	\$48,653,953	\$47,899,453	\$53,100,727
10,060,607	10,896,992	10,530,098	9,519,302	9,316,590	10,325,138
814,352	1,270,800	2,115,273	3,420,365	4,559,487	5,670,553
<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>	<u>\$69,096,418</u>
\$2,954,613	\$2,888,261	\$2,708,980	\$2,756,809	\$2,790,676	\$2,686,705
-	-	-	-	-	-
(60,547)	(74,841)	214,488	624,115	772,086	1,071,903
<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>	<u>\$3,758,608</u>
\$43,168,729	\$45,734,303	\$47,986,073	\$51,410,762	\$50,690,129	\$55,787,432
10,060,607	10,896,992	10,530,098	9,519,302	9,316,590	10,325,138
753,805	1,195,959	2,329,761	4,044,480	5,331,573	6,742,456
<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>	<u>\$72,855,026</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$3,701,667	\$2,993,026	\$3,649,895	\$3,096,685
Public safety	3,382,829	3,674,182	4,208,454	3,807,777
Public works	5,417,245	5,239,892	5,646,605	6,368,065
Culture and recreation	2,054,143	2,028,067	2,367,449	2,327,649
Interest and fees on long-term debt	834,833	740,526	731,702	871,133
Total governmental activities expenses	<u>15,390,717</u>	<u>14,675,693</u>	<u>16,604,105</u>	<u>16,471,309</u>
Business-type activities:				
Golf course	554,859	598,114	651,127	683,231
Storm water utility	425,389	440,557	688,176	701,325
Total business-type activities expenses	<u>980,248</u>	<u>1,038,671</u>	<u>1,339,303</u>	<u>1,384,556</u>
Total primary government expenses	<u><u>\$16,370,965</u></u>	<u><u>\$15,714,364</u></u>	<u><u>\$17,943,408</u></u>	<u><u>\$17,855,865</u></u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$563,808	\$565,218	\$458,276	\$559,770
Public safety	527,001	561,365	580,225	587,714
Public works	424,349	323,177	326,167	1,048,588
Culture and recreation:				
Ice rent	474,909	484,801	496,778	509,811
Other activities	526,763	532,720	551,263	531,064
Operating grants and contributions	1,980,477	1,615,576	2,262,521	1,179,042
Capital grants and contributions	1,757,480	806,243	3,523,916	1,410,953
Total governmental activities program revenues	<u>6,254,787</u>	<u>4,889,100</u>	<u>8,199,146</u>	<u>5,826,942</u>
Business-type activities:				
Charges for services:				
Golf course	555,588	589,499	569,276	567,053
Storm water utility	553,074	563,011	567,357	592,947
Operating grants and contributions	-	-	-	-
Capital grants and contributions	46,388	-	-	-
Total business-type activities program revenues	<u>1,155,050</u>	<u>1,152,510</u>	<u>1,136,633</u>	<u>1,160,000</u>
Total primary government program revenues	<u><u>\$7,409,837</u></u>	<u><u>\$6,041,610</u></u>	<u><u>\$9,335,779</u></u>	<u><u>\$6,986,942</u></u>
Net (expense) revenue:				
Governmental activities	(\$9,135,930)	(\$9,786,593)	(\$8,404,959)	(\$10,644,367)
Business-type activities	174,802	113,839	(202,670)	(224,556)
Total primary government net (expense) revenue	<u><u>(8,961,128)</u></u>	<u><u>(9,672,754)</u></u>	<u><u>(8,607,629)</u></u>	<u><u>(10,868,923)</u></u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$3,027,254	\$4,330,097	\$4,566,308	\$3,727,831	\$4,615,082	\$4,972,574
3,551,574	3,872,939	3,811,071	3,907,045	4,678,868	5,127,557
6,569,274	8,735,821	7,451,179	6,633,805	7,788,447	15,721,896
2,387,392	2,215,769	1,825,496	1,954,824	2,081,855	2,485,168
662,757	654,344	625,932	715,158	703,269	1,076,622
<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>	<u>29,383,817</u>
628,752	630,928	636,642	712,099	858,647	947,369
755,772	743,983	657,178	613,529	654,748	733,006
<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>1,680,375</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>	<u>\$31,064,192</u>
\$425,485	\$1,126,227	\$649,606	\$591,979	\$759,284	\$960,267
614,953	717,861	781,224	879,364	881,549	1,006,901
897,927	488,316	1,387,390	505,483	388,751	498,520
526,840	562,840	421,120	588,587	540,271	433,048
463,216	450,658	383,881	305,231	383,810	330,926
1,878,743	2,536,708	3,169,921	2,153,675	3,248,624	11,772,269
2,730,703	7,022,082	1,088,517	4,403,281	3,221,907	7,418,614
<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>	<u>22,420,545</u>
582,728	597,184	653,736	781,728	877,502	963,245
718,751	696,628	746,488	875,888	858,646	855,582
-	-	-	-	-	-
-	-	-	115,400	-	20,046
<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>1,838,873</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>	<u>\$24,259,418</u>
(\$8,660,384)	(\$6,904,278)	(\$10,398,327)	(\$7,511,063)	(\$10,443,325)	(\$6,963,272)
<u>(83,045)</u>	<u>(81,099)</u>	<u>106,404</u>	<u>447,388</u>	<u>222,753</u>	<u>158,498</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>	<u>(6,804,774)</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General revenues and other changes in net position				
Governmental activities:				
Taxes	\$6,022,589	\$6,640,739	\$6,945,795	\$7,239,603
Payments in lieu of taxes (PILOT)	903,494	902,766	903,478	906,119
City sales tax	-	-	-	-
Unrestricted grants and contributions	1,740,285	1,742,132	1,776,992	1,759,578
Investment earnings (loss)	122,519	109,041	107,331	121,034
Gain (loss) on sale of capital assets	6,900	-	14,196	60,429
Insurance recoveries and other	20,924	7,450	50,778	15,678
Special item - reimbursement for land swap costs	-	-	-	-
Transfers	3,500	103,500	3,500	3,500
Total governmental activities	<u>8,820,211</u>	<u>9,505,628</u>	<u>9,802,070</u>	<u>10,105,941</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	1,000
Investment earnings (loss)	6,919	6,349	5,619	3,884
Gain on sale of capital assets	-	331	-	5,750
Insurance recoveries	4,000	-	-	945
Transfers	(3,500)	(103,500)	(3,500)	(3,500)
Total business-type activities	<u>7,419</u>	<u>(96,820)</u>	<u>2,119</u>	<u>8,079</u>
 Total primary government	 <u>\$8,827,630</u>	 <u>\$9,408,808</u>	 <u>\$9,804,189</u>	 <u>\$10,114,020</u>
Change in net position:				
Government activities	\$1,907,050	\$369,698	\$15,477	\$1,700,982
Business-type activities	93,273	77,982	115,958	(194,591)
Total primary government	<u>\$2,000,323</u>	<u>\$447,680</u>	<u>\$131,435</u>	<u>\$1,506,391</u>

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$7,354,409	\$7,629,869	\$7,659,562	\$7,924,863	\$8,464,200	\$8,714,567
915,788	913,682	911,762	914,886	924,990	933,281
-	-	-	-	-	1,573,230
1,864,606	1,843,498	2,086,492	2,096,967	1,766,907	2,669,197
133,871	206,030	136,466	107,623	(534,203)	292,371
21,576	199,455	2,512,675	67,402	3,341	101,514
14,856	-	-	70,478	-	-
-	33,003	-	-	-	-
(29,500)	3,500	-	-	-	-
<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>	<u>14,284,160</u>
-	-	-	-	-	-
3,322	3,953	3,644	5,229	(36,076)	23,423
895	-	-	-	-	13,925
24,744	-	-	-	-	-
29,500	(3,500)	-	-	-	-
<u>58,461</u>	<u>453</u>	<u>3,644</u>	<u>5,229</u>	<u>(36,076)</u>	<u>37,348</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>	<u>\$14,321,508</u>
(\$368,761)	\$3,924,759	\$2,908,630	\$3,671,156	\$181,910	\$7,320,888
(166,095)	(80,646)	110,048	452,617	186,677	195,846
<u>(\$534,856)</u>	<u>\$3,844,113</u>	<u>\$3,018,678</u>	<u>\$4,123,773</u>	<u>\$368,587</u>	<u>\$7,516,734</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund:				
Fund balance:				
Nonspendable	\$401,947	\$306,783	\$636,954	\$1,108,226
Restricted	14,268	17,185	17,577	21,677
Committed	331,201	422,995	517,869	613,922
Unassigned	4,903,066	5,253,912	5,066,530	4,526,746
Total general fund	<u>5,650,482</u>	<u>6,000,875</u>	<u>6,238,930</u>	<u>6,270,571</u>
All other governmental funds:				
Fund balance:				
Nonspendable	23,387	26,659	18,334	37,351
Restricted	6,607,864	7,012,776	7,033,902	9,945,077
Committed	636,819	646,943	804,728	748,398
Assigned	1,819,910	2,076,696	1,480,898	1,433,487
Unassigned	(117,775)	(184,210)	(579,562)	(929,731)
Total all other government funds	<u>8,970,205</u>	<u>9,578,864</u>	<u>8,758,300</u>	<u>11,234,582</u>
Total all funds	<u>\$14,620,687</u>	<u>\$15,579,739</u>	<u>\$14,997,230</u>	<u>\$17,505,153</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$1,146,321	\$1,236,463	\$1,471,076	\$1,652,993	\$1,411,674	\$1,173,469
19,419	22,535	35,950	39,516	35,374	37,348
713,901	817,236	925,572	1,049,832	1,169,769	1,286,122
4,339,372	4,544,575	4,909,111	4,812,207	5,012,023	5,191,745
<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>	<u>7,688,684</u>
38,130	79,738	52,941	45,109	35,693	128,084
7,212,565	7,108,403	6,792,754	6,282,145	13,375,777	7,265,545
736,371	780,416	853,737	931,143	1,030,787	1,132,852
2,110,453	1,677,812	1,811,774	2,364,975	1,748,247	2,115,974
(798,902)	(537,062)	(944,929)	(1,920,561)	(1,505,563)	(401,135)
<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>10,241,320</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>	<u>\$17,930,004</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$6,951,608	\$7,549,081	\$7,802,196	\$8,179,557
Licenses and permits	275,941	343,241	259,518	332,376
Intergovernmental	5,014,278	3,887,034	5,726,983	3,771,612
Special assessments	990,937	835,650	989,932	631,282
Charges for services	2,021,418	1,945,088	1,980,441	2,083,233
Fines and forfeits	172,374	150,911	140,003	116,367
Investment income (loss)	122,519	109,041	107,331	121,034
Contributions and donations	-	-	-	-
Other	441,708	378,950	899,017	1,093,069
Total revenues	<u>15,990,783</u>	<u>15,198,996</u>	<u>17,905,421</u>	<u>16,328,530</u>
Expenditures:				
Current:				
General government	2,591,609	2,318,002	3,047,872	2,404,189
Public safety	3,074,009	3,224,886	3,338,016	3,340,909
Public works	3,188,479	2,575,664	2,731,258	2,822,303
Culture and recreation	1,735,137	1,720,627	1,947,341	1,931,650
Miscellaneous	570,460	545,535	514,541	553,452
Capital outlay/construction	3,698,823	749,073	5,870,681	4,736,594
Decertify TIF districts	-	-	-	91,038
Debt service:				
Principal retirement	5,040,000	2,475,000	2,590,000	2,597,000
Interest	815,457	764,607	711,789	680,534
Paying agent fees	8,775	8,000	7,600	7,150
Bond issuance costs	70,491	-	52,693	112,018
Total expenditures	<u>20,793,240</u>	<u>14,381,394</u>	<u>20,811,791</u>	<u>19,276,837</u>
Revenues over (under) expenditures	<u>(4,802,457)</u>	<u>817,602</u>	<u>(2,906,370)</u>	<u>(2,948,307)</u>
Other financing sources (uses):				
Sale of capital assets	6,900	2,000	55,400	133,885
Lease issuance	-	-	-	-
Issuance of refunding bonds	-	-	-	3,013,286
Bond issuance/bond premium	3,000,000	-	2,214,183	2,289,881
Insurance recoveries	47,329	35,950	50,778	15,678
Transfers in	1,053,297	602,038	1,002,717	4,116,142
Transfers out	(1,049,797)	(498,538)	(999,217)	(4,112,642)
Total other financing sources (uses)	<u>3,057,729</u>	<u>141,450</u>	<u>2,323,861</u>	<u>5,456,230</u>
Net change in fund balance	<u>(\$1,744,728)</u>	<u>\$959,052</u>	<u>(\$582,509)</u>	<u>\$2,507,923</u>
Debt service as a percentage of noncapital expenditures	31.0%	23.1%	21.8%	22.5%

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$8,217,883	\$8,490,925	\$8,536,045	\$8,758,762	\$9,440,654	\$11,169,116
212,505	499,947	450,688	384,777	479,768	440,743
5,860,934	10,498,053	5,742,470	8,423,475	7,337,009	16,317,196
762,813	514,977	432,474	341,486	318,005	264,640
2,089,178	2,163,196	2,067,732	2,219,548	2,275,889	2,569,519
114,828	112,553	92,407	98,337	114,060	110,569
133,871	206,030	136,466	107,623	(534,203)	292,371
-	-	-	-	326,351	346,624
712,397	312,273	1,063,428	242,963	445,944	4,853,952
<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>	<u>36,364,730</u>
2,426,762	3,525,148	2,960,690	3,094,350	3,805,894	4,293,761
3,608,088	3,798,604	3,847,373	4,020,689	4,202,501	4,606,345
2,795,132	2,864,435	2,984,860	3,275,655	3,388,567	3,383,502
2,015,958	1,869,413	1,525,058	1,663,705	1,781,666	1,677,314
562,856	332,564	1,214,096	569,299	422,144	475,302
4,546,229	8,813,591	7,745,469	12,160,921	6,306,014	25,452,036
-	95,693	-	-	-	-
5,420,000	2,480,000	2,480,000	2,515,000	2,495,000	2,619,262
669,089	629,512	613,237	578,766	670,696	1,040,558
6,250	6,350	6,850	6,600	7,075	7,575
60,199	50,948	57,920	116,617	123,390	72,562
<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>43,628,217</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>	<u>(7,263,487)</u>
47,887	210,616	2,526,905	51,402	6,476	101,514
-	-	-	-	-	470,340
-	-	2,275,000	6,255,000	-	-
1,973,026	1,647,547	83,520	370,304	10,000,000	2,255,700
27,218	19,127	206,288	97,298	49,416	52,156
2,096,040	982,070	806,486	1,297,912	823,737	1,285,790
<u>(2,125,540)</u>	<u>(978,570)</u>	<u>(806,486)</u>	<u>(1,297,912)</u>	<u>(823,737)</u>	<u>(1,285,790)</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>2,879,710</u>
<u>(\$1,987,523)</u>	<u>\$212,486</u>	<u>\$177,870</u>	<u>(\$650,627)</u>	<u>\$7,056,422</u>	<u>(\$4,383,777)</u>
33.1%	18.7%	16.5%	17.9%	17.5%	13.6%

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

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
General government	\$566,308	\$594,476	\$781,676	\$567,926
Public safety	1,122,613	1,141,745	1,083,258	1,133,127
Public works	3,325,271	1,922,976	3,971,370	2,785,332
Culture and recreation	1,059,045	1,070,269	2,115,700	1,108,439
Other	-	-	-	232,118
Total governmental activities program revenues	<u>6,073,237</u>	<u>4,729,466</u>	<u>7,952,004</u>	<u>5,826,942</u>
Business-type activities:				
Golf course	555,588	589,499	569,276	567,053
Storm water utility	553,074	563,011	567,357	592,947
Total business-type activities program revenues	<u>1,108,662</u>	<u>1,152,510</u>	<u>1,136,633</u>	<u>1,160,000</u>
 Total primary government program revenues	<u>\$7,181,899</u>	<u>\$5,881,976</u>	<u>\$9,088,637</u>	<u>\$6,986,942</u>

Table 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$486,735	\$1,261,059	\$1,627,440	\$1,352,643	\$2,235,654	\$2,383,464
1,154,522	1,393,344	1,322,337	1,516,232	1,491,635	2,194,375
4,360,082	8,941,143	3,638,837	5,628,437	4,699,936	12,060,419
1,494,977	1,255,309	1,263,344	905,912	978,241	6,316,224
41,551	34,710	29,701	24,376	18,730	12,877
7,537,867	12,885,565	7,881,659	9,427,600	9,424,196	22,967,359
582,728	597,184	653,736	781,728	877,502	963,245
718,751	696,628	746,488	875,888	858,646	855,582
1,301,479	1,293,812	1,400,224	1,657,616	1,736,148	1,818,827
\$8,839,346	\$14,179,377	\$9,281,883	\$11,085,216	\$11,160,344	\$24,786,186

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

Table 6

Fiscal Year Ended December 31	Residential Property	Commercial/Industrial Property	All Other	Total Tax Capacity	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
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%
2023	7,663,545	4,013,585	713,279	12,390,409	1,002,186	11,388,223	71.662	1,066,232,900	1.07%

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	
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
2023	55.294	16.368	71.662	48.590	18.176	0.227	138.655

Source: Itasca County Auditor's Office

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

Table 8

Taxpayer	2023			2014		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
UPM Blandin Paper Mill	\$463,825	1	3.71%	\$610,103	1	6.85%
Enbridge Energy, LP	304,525	2	2.43%	273,410	2	3.07%
Wal-Mart Stores	182,318	3	1.46%			
Pillars of Grand Rapids, LLC	149,466	4	1.19%	207,352	3	2.33%
Enbridge Energy Pipelines	135,388	5	1.08%	145,633	4	1.63%
Majestic Pines Grand, LLC	125,105	6	1.00%			
Grand Hospitality LLC	123,700	7	0.99%	122,453	6	1.37%
Grand Rapids Healthcare	118,341	8	0.95%			
Arrowhead Promotion & Fulfillment Co	115,558	9	0.92%	106,404	9	1.19%
Grand Itasca Clinic & Hospital	112,503	10	0.90%			
Burlington Northern & Santa Fe				124,018	5	1.39%
ASV, Inc. *				112,032	7	1.26%
Target Corporation				108,442	8	1.22%
Home Depot USA, Inc				100,430	10	1.13%
Total principal taxpayers	1,830,729		14.63%	1,910,277		21.44%
All other taxpayers	10,680,230		85.37%	7,000,166		78.56%
Total	<u>\$12,510,959</u>		<u>100.00%</u>	<u>\$8,910,443</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
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%	60,347	7,310,192	98.68%
2019	7,689,023	7,545,606	98.13%	69,055	7,614,661	99.03%
2020	7,793,670	7,698,321	98.78%	89,933	7,788,254	99.93%
2021	8,079,328	7,864,173	97.34%	84,852	7,949,025	98.39%
2022	8,603,265	8,555,109	99.44%	19,228	8,574,337	99.66%
2023	8,603,265	8,492,059	98.71%	-	8,492,059	98.71%

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	General Obligation PUC Debt*		Capital Leases		
2014	\$6,475,141	\$20,054,957	\$790,000	\$108,868	\$29,841,000	\$57,269,966	-	\$57,269,966	\$5,269
2015	5,794,793	18,268,519	770,000	85,224	27,721,386	52,639,922	-	52,639,922	4,843
2016	7,276,630	16,417,458	750,000	61,580	25,506,149	50,011,817	-	50,011,817	4,601
2017	8,821,458	17,584,683	730,000	40,936	23,469,912	50,646,989	111,968	50,758,957	4,439
2018	9,664,438	13,270,296	705,000	27,292	21,389,000	45,056,026	85,564	45,141,590	3,964
2019	10,678,913	11,416,220	680,000	13,648	19,240,000	42,028,781	58,129	42,086,910	3,695
2020	12,429,876	9,537,720	650,000	-	17,201,000	39,818,596	29,621	39,848,217	3,499
2021	18,320,195	7,751,432	615,000	-	17,186,187	43,872,814	-	43,872,814	3,943
2022	27,422,573	6,130,228	580,000	-	14,069,500	48,202,301	-	48,202,301	4,272
2023	28,500,651	4,699,865	540,000	-	16,724,000	50,464,516	-	50,464,516	4,448

Note: Personal income not available.

Excludes component units.

Includes unamortized issuance premium for 2014 through 2023

* Debt of the Public Utilities Commission component unit, for which the City has a general obligation peldge

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>
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	23,052,298	2.5851%	2,043.10
2023	28,500,651	5,499,560	23,001,091	2.1572%	2,027.24

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, 2023

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⁾	\$50,464,516	100.00%	\$50,464,516
Overlapping debt:			
Itasca County	87,280,000	13.63%	11,899,046
School District 318	<u>97,110,000</u>	19.57%	<u>19,008,460</u>
Total overlapping debt	<u>184,390,000</u>		<u>30,907,506</u>
Total direct and overlapping debt	<u><u>\$234,854,516</u></u>		<u><u>\$81,372,022</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 \$725,516

(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 2023

Estimated Market value	\$1,066,232,900
Debt limit percentage*	<u>3%</u>
Debt limit amount	<u>31,986,987</u>
Debt applicable to limit:	
Lease revenue bonds	-
General obligation bonds	<u>21,930,646</u>
	21,930,646
Less:	
Cash and equivalents in G.O. Bond Debt Service Funds	<u>(3,909,750)</u>
Total net debt applicable to limit	<u>18,020,896</u>
Legal debt margin	<u><u>\$13,966,091</u></u>

Legal Debt Margin Calculation for Fiscal Years 2014 Through 2023

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
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
2023	11,346	31,986,987	18,020,896	13,966,091	56.34%	1,588.30

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	
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%
2023	237,124	1,420,000	167,505	14.94%	566,948	40,000	15,925	1013.76%

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>
2014	10,869			9.90%
2015	10,869			7.60%
2016	10,869			6.70%
2017	11,435			8.47%
2018	11,389			10.60%
2019	11,389	Information Not Available		6.10%
2020	11,389			5.60%
2021	11,390			5.28%
2022	11,283			4.61%
2023	11,346			4.00%

Source: Minnesota Department of Employment and Economic Development

CITY OF GRAND RAPIDS, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

Taxpayer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318(1)	716	1	8.94%	624	1	6.68%
Grand Itasca Clinic & Hospital	526	2	6.57%	600	2	6.43%
Itasca County	421	3	5.26%	420	4	4.50%
Northland Counseling Center, Inc	250	4	3.12%			
ASV Inc.(3)	250	5	3.12%	450	9	4.82%
North Homes, Inc.	250	6	3.12%			
Magnetation				300	6	3.21%
UPM Blandin Paper Mill	226	7	2.82%	460	3	4.93%
Arrowhead Promo & Fulfillment	220	8	2.75%	290	7	3.11%
City of Grand Rapids(1)	179	9	2.24%	234	8	2.51%
Wal-Mart	183	10	2.29%	300	5	3.21%
Grand Village Nursing Home(2)				160	10	1.71%
Total	3,221		40.24%	3,838		41.10%
All other employers	4,784		59.76%	5,500		58.90%
Total	8,005		100.00%	9,338		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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Administration	4.00	4.00	4.00	4.00	3.00	4.00	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	4.55	4.55	4.55	5.55	5.55	4.55	4.55	4.55
Engineering	2.45	2.45	2.45	3.45	3.45	4.45	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	3.00
Police officers and records	22.50	22.50	22.50	25.50	26.50	27.50	27.70	24.70	24.70	22.50
Public works	14.00	14.00	14.00	16.00	17.00	18.00	20.00	20.00	19.00	18.00
Parks and recreation	3.00	3.00	3.00	3.00	2.00	3.00	2.00	2.00	2.00	2.00
Library	8.75	8.75	8.50	8.50	8.50	8.50	6.50	7.50	7.50	7.50
Golf course	2.00	2.00	2.00	2.00	1.00	1.00	1.00	2.00	2.00	2.00
Total	67.75	67.75	68.00	74.00	73.00	79.00	78.20	76.20	75.20	73.00

The City has 30 paid-on-call firefighters.

Source: City Finance Department

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

Table 18

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Physical and sexual assaults	460	441	346	145	218	230	231	191	137	190
Parking citations	314	239	208	590	487	451	370	337	383	177
DUI arrests	211	117	110	94	72	73	52	56	86	62
Traffic citations	1,544	2,175	1,579	1,366	1232	1381	863	953	984	606
Accidents	568	495	451	416	535	412	320	358	408	361
Fire:										
Emergency responses	138	167	182	212	146	199	203	219	214	194
Haz-Mat responses	36	53	17	13	3	0	1	1	1	2
Inspections	100	55	6	5	8	19	28	26	4	18
Community development:										
Permits issued:										
Commercial	96	110	120	153	120	107	113	134	88	110
Governmental	25	20	29	22	12	12	13	14	5	17
Residential	373	401	405	382	393	442	368	378	354	401
Building safety devision:										
Rental inspections	-	-	-	-	-	-	-	-	181	132
Re-inspections	-	-	-	-	-	-	-	-	169	135
Public works:										
Streets swept (miles)	93	93	93	93	93	94	94	94	94	94
Roads (miles)	93	93	93	93	93	94	94	94	94	94
Streetlights	1,325	1,325	1,325	1,578	1584	1630	1624	1,696	1,924	1,667
Parks and recreation:										
Playgrounds	10	11	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	2	3	3	3	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
Library:										
Volumes in collection	75,173	75,751	74,541	70,991	73,332	74,073	73,670	72,425	70,704	71,039
Total volumes borrowed	172,438	173,954	163,483	160,089	183,169	191,876	98,190	131,131	160,723	165,796
Golf course:										
Number of passes sold										
Junior*	59	77	57	46	42	40	62	48	63	84
Young adult*	14	15	12	11	11	10	34	38	53	48
Single	110	107	128	113	99	101	101	127	124	118
Family	63	74	63	60	64	62	48	56	54	58

*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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	22	20	20	20	21	22
Fire stations	2	2	2	2	2	2	2	1	1	1
Public works:										
Miles of streets maintained	93	93	95	95	95	95	94	94	95	95
Miles of sidewalks maintained	91	100	103	103	104	103	48	48	49	49
Miles of curbs and gutters maintained	112	112	113	113	113.5	113	113	113	160	160
Parks and recreation:										
Community parks and playgrounds	24	26	25	25	25	25	25	25	25	25
Total acres	227	350	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, 2023

	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 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
Street Reconstruction Bonds of 2023A	4.00 - 5.00	11/9/2023	2/1/2039
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 - 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
Taxable G.O. Utility Revenue Bonds of 2013C	2.00-4.50	9/1/2013	2/1/2029
G.O. Utility Revenue Refunding Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025
G.O. Utility Revenue Refunding Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033
G.O. Utility Revenue Refunding Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029
G.O. Utility Revenue Bonds of 2023B	4.25 - 5.00	11/9/2023	2/1/2039
Total Revenue Bonds (Public Utilities)			
Total bonded indebtedness			

Prior Years		Payable 01/01/23	2023		Payable 12/31/2023	Due in 2024	
Original Issue	Payments		Issued	Payments		Principal	Interest
\$705,000	\$125,000	\$580,000	-	\$40,000	\$540,000	\$35,000	\$14,800
705,000	125,000	580,000	0	40,000	540,000	35,000	14,800
4,565,000	3,500,000	1,065,000	-	345,000	720,000	355,000	28,663
1,115,000	865,000	250,000	-	60,000	190,000	60,000	5,725
1,555,000	1,185,000	370,000	-	70,000	300,000	70,000	8,182
2,245,000	1,285,000	960,000	-	155,000	805,000	155,000	23,644
4,175,000	2,670,000	1,505,000	-	290,000	1,215,000	295,000	25,807
3,000,000	1,570,000	1,430,000	-	205,000	1,225,000	210,000	29,120
2,215,000	1,755,000	460,000	-	295,000	165,000	165,000	2,475
18,870,000	12,830,000	6,040,000	0	1,420,000	4,620,000	1,310,000	123,616
4,025,000	1,925,000	2,100,000	-	270,000	1,830,000	280,000	55,487
2,170,000	645,000	1,525,000	-	140,000	1,385,000	140,000	26,960
2,130,000	460,000	1,670,000	-	130,000	1,540,000	135,000	47,250
1,960,000	320,000	1,640,000	-	120,000	1,520,000	120,000	44,938
2,275,000	125,000	2,150,000	-	135,000	2,015,000	140,000	33,262
-	-	-	2,220,000	-	2,220,000	-	72,887
1,585,000	160,000	1,425,000	-	90,000	1,335,000	95,000	31,105
6,255,000	-	6,255,000	-	245,000	6,010,000	255,000	131,056
10,000,000	-	10,000,000	-	-	10,000,000	-	475,000
30,400,000	3,635,000	26,765,000	2,220,000	1,130,000	27,855,000	1,165,000	917,945
100,000	-	100,000	-	-	100,000	-	-
350,000	122,500	227,500	-	17,500	210,000	17,500	-
175,000	116,655	58,345	-	14,371	43,974	-	-
140,000	-	140,000	-	-	140,000	-	-
550,000	246,533	303,467	-	73,761	229,706	-	-
100,000	28,050	71,950	-	37,400	34,550	-	-
26,370,232	15,353,232	11,017,000	-	1,442,000	9,575,000	1,484,000	277,675
2,305,000	2,150,000	155,000	-	155,000	-	-	-
872,000	289,500	582,500	-	193,500	389,000	194,000	1,805
1,120,000	-	1,120,000	-	95,000	1,025,000	100,000	26,250
1,210,000	15,000	1,195,000	-	35,000	1,160,000	190,000	9,963
-	-	-	4,575,000	-	4,575,000	-	154,425
31,877,232	17,807,732	14,069,500	4,575,000	1,920,500	16,724,000	1,968,000	470,118
\$83,267,232	\$34,911,470	\$48,355,762	\$6,795,000	\$4,653,532	\$50,497,230	\$4,495,500	\$1,526,479

	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	Street Reconstruction Bonds Series 2023A	Total
Bonds payable	\$540,000	\$1,830,000	\$1,385,000	\$1,540,000	\$1,520,000	\$1,335,000	\$2,015,000	\$6,010,000	\$10,000,000	\$2,220,000	\$28,395,000
Future interest payable	95,728	191,206	133,630	265,837	273,018	188,455	217,123	1,273,357	950,000	877,212	4,465,566
Totals	\$635,728	\$2,021,206	\$1,518,630	\$1,805,837	\$1,793,018	\$1,523,455	\$2,232,123	\$7,283,357	\$10,950,000	\$3,097,212	\$32,860,566
Payments to maturity:											
2024	\$49,800	\$335,488	\$166,960	\$182,250	\$164,937	\$126,105	\$173,262	\$386,056	\$475,000	\$72,887	\$2,132,745
2025	53,815	336,937	169,110	183,125	166,263	123,255	170,462	383,975	10,475,000	183,025	12,244,967
2026	52,895	337,712	171,160	183,850	167,438	130,255	172,612	381,756	-	203,150	1,800,828
2027	56,918	332,881	168,160	179,500	163,538	127,105	169,712	384,331	-	202,525	1,784,670
2028	55,725	337,325	170,110	179,963	164,562	128,880	171,762	381,700	-	201,650	1,791,677
2029	59,300	340,863	167,010	180,158	165,437	126,130	173,713	378,932	-	200,525	1,792,068
2030	62,725	-	168,860	180,117	161,237	128,880	170,613	380,957	-	204,025	1,457,414
2031	56,150	-	170,445	179,754	156,950	126,580	173,102	383,850	-	202,150	1,448,981
2032	59,575	-	166,815	179,058	162,418	129,170	171,103	382,700	-	204,900	1,455,739
2033	62,850	-	-	178,062	157,638	126,650	173,908	386,400	-	202,275	1,287,783
2034	65,975	-	-	-	162,600	124,070	171,515	384,950	-	205,100	1,114,210
2035	-	-	-	-	-	126,375	168,999	383,400	-	203,400	882,174
2036	-	-	-	-	-	-	171,360	381,750	-	201,500	754,610
2037	-	-	-	-	-	-	-	384,950	-	204,300	589,250
2038	-	-	-	-	-	-	-	383,000	-	201,800	584,800
2039	-	-	-	-	-	-	-	385,900	-	204,000	589,900
2040	-	-	-	-	-	-	-	383,650	-	-	383,650
2041	-	-	-	-	-	-	-	381,300	-	-	381,300
2042	-	-	-	-	-	-	-	383,800	-	-	383,800
Totals	\$635,728	\$2,021,206	\$1,518,630	\$1,805,837	\$1,793,018	\$1,523,455	\$2,232,123	\$7,283,357	\$10,950,000	\$3,097,212	\$32,860,566

CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION IMPROVEMENT BONDS
December 31, 2023

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	\$720,000	\$190,000	\$300,000	\$805,000	\$1,215,000	\$1,225,000	\$165,000	\$4,620,000
Future interest payable	38,336	10,436	19,150	66,709	60,940	110,425	2,475	308,471
Totals	<u>\$758,336</u>	<u>\$200,436</u>	<u>\$319,150</u>	<u>\$871,709</u>	<u>\$1,275,940</u>	<u>\$1,335,425</u>	<u>167,475</u>	<u>\$4,928,471</u>
Payments to maturity:								
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>\$758,336</u>	<u>\$200,436</u>	<u>\$319,150</u>	<u>\$871,709</u>	<u>\$1,275,940</u>	<u>\$1,335,425</u>	<u>\$167,475</u>	<u>\$4,928,471</u>

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	2024 Tax Capacity Values	2023 Tax Capacity Values
	<u> </u>	<u> </u>
Taxable valuations:		
Real estate	\$12,569,690	\$11,677,130
Personal property	738,371	713,279
Net tax capacity	<u>13,308,061</u>	<u>12,390,409</u>
Less: Captured tax increment value	(523,923)	(416,980)
Fiscal disparities contributions	<u>(1,198,566)</u>	<u>(1,002,186)</u>
 Taxable net tax capacity	 <u><u>\$11,585,572</u></u>	 <u><u>\$10,971,243</u></u>

CITY OF GRAND RAPIDS, MINNESOTA
 SCHEDULE OF DEFERRED TAX LEVIES
 GENERAL OBLIGATION BONDS
 December 31, 2023

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	\$3,000,000 Improvement Bonds Series 2014A
2023/2024	(\$135,000)	\$303,165	\$57,510	\$58,407	\$124,414	\$108,145	\$235,700
2024/2025	(80,000)	-	55,486	56,792	124,376	109,510	162,032
2025/2026	(80,000)	-	-	60,309	124,165	104,522	163,345
2026/2027	(55,000)	-	-	-	123,784	109,864	164,363
2027/2028	(10,000)	-	-	-	-	113,854	165,077
2028/2029	-	-	-	-	-	-	165,476
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>(\$360,000)</u>	<u>\$303,165</u>	<u>\$112,996</u>	<u>\$175,508</u>	<u>\$496,739</u>	<u>\$545,895</u>	<u>\$1,055,993</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

\$2,170,000 GO Street Reconst Bonds Series 2016A	\$2,130,000 GO Street Reconst Bonds Series 2017A	\$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	\$2,220,000 GO Street Reconst Bonds Series 2023A	Total
\$151,129	\$171,398	\$141,808	\$130,914	\$163,696	\$406,928	\$218,360	\$2,136,574
153,334	172,237	143,953	138,421	166,191	404,670	216,195	1,823,197
150,184	167,670	140,690	135,114	163,331	407,518	215,670	1,752,518
152,284	168,353	142,677	137,057	165,720	404,828	214,883	1,728,813
149,029	168,641	144,507	133,591	168,005	401,992	213,833	1,648,529
151,024	168,765	140,929	136,532	164,935	404,263	217,770	1,549,694
152,914	168,555	137,351	134,116	167,115	406,245	215,932	1,382,228
149,102	168,001	144,089	136,952	165,283	405,090	219,082	1,387,599
-	167,093	139,999	134,305	168,534	409,080	216,458	1,235,469
-	-	146,213	131,660	166,293	407,610	218,820	1,070,596
-	-	-	134,137	163,879	406,035	217,140	921,191
-	-	-	-	166,628	404,355	215,250	786,233
-	-	-	-	-	407,820	218,400	626,220
-	-	-	-	-	405,825	215,880	621,705
-	-	-	-	-	408,975	218,400	627,375
-	-	-	-	-	406,665	-	406,665
-	-	-	-	-	404,250	-	404,250
-	-	-	-	-	406,980	-	406,980
<u>\$1,209,000</u>	<u>\$1,520,713</u>	<u>\$1,422,216</u>	<u>\$1,482,799</u>	<u>\$1,989,610</u>	<u>\$7,309,129</u>	<u>\$3,252,073</u>	<u>\$20,515,836</u>

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