

Minnesota Investment Fund (MIF)

Program Application

State Funds

Please consult with your DEED Loan Officer before completing this application.

APPLICATION PROCEDURES

The Minnesota Investment Fund (MIF) Program provides loans to businesses that create or retain high-paying, full-time permanent jobs, and invest in machinery or real property acquisition or improvements. The program is available statewide for manufacturing, distribution, warehousing, and other eligible business activities that would not occur but for the MIF assistance. Applications are accepted on a year-round basis as funds are available.

To receive funds, a business must work in conjunction with the city or county government (Local Government) where the business will be located. In consultation with the Department of Employment and Economic Development (DEED), the Local Government will make a preliminary determination about whether a business meets the minimum program requirements. See the MIF eligibility information on the program [website](#) for guidance.

If a business is potentially eligible, the following steps are completed:

1. The business and Local Government work together to complete the MIF Application. The Local Government will submit the completed application to the designated DEED Loan Officer.
2. DEED evaluates the application and notifies the Local Government and business of approval or denial. If approved, DEED will determine a maximum funding amount and job creation requirements.
3. **Jobs created and capital investment expenditures may only be counted after the Grant Contract has been fully executed. The project should not commence prior to execution of the Grant Contract without prior authorization from the MIF Loan Officer.**

POST AWARD PROCESS

4. DEED and the Local Government will enter into a Grant Contract specifying the details of the award and job creation requirements.
5. After the Grant Contract is fully executed, the Local Government will enter into a Loan Agreement with the business.
6. The Local Government will submit the required executed agreements, payment request documentation, annual progress reports, and other information requested by DEED.
7. MIF funds will be paid on a **reimbursement** basis after required documentation verifying expenditures is submitted and approved.

SECTION 1 – Local Government Applicant Information

Local Government Applicant	Local Government Contact Name and Title
Grand Rapids Economic Development Authority	Rob Mattei, Director of Community Development
Email: rmattei@grandrapidsmn.gov	Telephone: 218 326-7622
Address: 420 N. Pokegama Avenue	City/State/Zip: Grand Rapids, MN 55744

PART A – Local Resources & Financing Request

- Does the Local Government have Revolving Loan Funds? ☒ Yes ☐ No
*Attach a copy of the Local Government's Revolving Loan fund Policies
- What is the balance of the local revolving loan funds? \$169,976
- What is the Local Government committing to this project? (e.g. TIF, RLF dollars, reduced price land, etc.)
TIF and Tax Abatement
- Is the applicant up to date filing Minnesota Business Assistance Forms? ☒ Yes ☐ No
- Is the applicant up to date with the filing of MIF Revolving Loan Fund annual reports? ☐ Yes ☐ No ☒ N/A
- What is the requested MIF loan amount? 2,000,000 Rate (0-3%)? 0 Term? 7
- Is Applicant proposing any loan forgiveness? ☒ Yes ☐ No
- If yes, what is the proposed amount to be forgiven? 1,000,000
- Explain the rationale for forgivable funding: Significance of job retention, creation and capital investment
- What will the MIF funds be used for? (attach estimates) Racking
- When was the Local Government's latest financial audit? (attach a copy of the audit results) 2021

Part 1A attachments:

☒ RLF Policies ☒ Estimates for Item 10 ☒ Audit Results

PART B – Community Needs & Capacity

The project will be scored, in part, on the following community and economic development conditions. Include a project narrative which addresses the following areas as appropriate:

- Economic vulnerability of the community (e.g., need to diversify industrial base, underemployment of labor pool, labor pool needs);
- Unique factors demonstrating effective inducement of economic development (e.g., recent loss of large employer, labor pool dependent upon one sector or industry, seasonality of employment, natural disaster, filling long vacant space, long-term member of business community, contributes to cluster industry, tax base increase);
- Lack of local jobs (e.g., recent population decline due to lack of employment, significant outmigration, or population working outside the community);
- Project will support the economic viability of underserved businesses (i.e., veteran, minority, disabled, or women owned). If applicable, business must complete self-certification on page 17;
- Describe the Local Government's experience and ability to manage the grant, revolving loan fund, state and local compliance requirements, and the implementation of the project.
- Describe how the MIF project will strengthen and/or diversify the local or Minnesota economy.

Part 1B attachments:

☒ Narrative Items 1-6

PART C – Citizen Participation

1. A public hearing is required to provide citizen notification and involvement prior to submitting the application. Submit a copy of the public hearing minutes, a copy of the Public Hearing Notice and Affidavit of Publication, and the Local Government Resolution.

**Required templates of the Public Hearing Notice and the Local Government Resolution are attached as Exhibits A & B. If the Local Government is not a city, county, town or tribal government (i.e., economic development authority, housing & redevelopment authority, or port authority), an additional resolution is required. Contact your Loan Officer for the required template.*

Part 1C attachments:

☐ Public Hearing Minutes ☐ Public Hearing Notice ☐ Affidavit of Publication ☐ Resolution

PART D – Business Credit Check

Provide a short narrative describing the steps completed for due diligence. The following information searches on the business and owners holding 10 percent or more of the business must be acquired and reviewed prior to passing the Local Government Resolution:

- Google news
- Secretary of State Good Standing
- property tax status
- lien/judgment
- criminal record
- pending lawsuit
- credit status
- bankruptcy

Part 1D attachments:

☒ Due Diligence Narrative

PART E - Other Assistance

List and provide amount of other public financial assistance and location in which the business has received **within the last five years** or expects to receive related to this expansion from state or local governments, such as loans, grants, or project specific tax benefits (e.g., tax increment financing, tax abatements, tax refunds):

Subsidy Grantor	Subsidy Amount	Date Received/Will be Received	Type of Subsidy	Location where Subsidy Received/Used
Example: City	\$100,000	01/01/2016	Loan	Saint Cloud, MN
(Refer to attached narrative)				

PART F – Financial Analysis

1. The Local Government must conduct a financial underwriting analysis of project/business financials for the proposed project. Provide a narrative of the findings of your financial analysis.
2. Please attach a copy of the lead lender's credit presentation with this application, if available.

Part 1F attachments:

☒ Financial Analysis Narrative ☐ Lender's Credit Presentation

PART G – Project Compliance with State Statutes & Rules

All businesses receiving a MIF loan must abide by the following statutes and rules:

1. Minnesota Statutes, Section 181.59. Prohibits discrimination in contracts.
2. Minnesota Statutes, Section 363A.08. Prohibits unfair discrimination practices related to employment or unfair employment practices.
3. Minnesota Statutes, Chapter 363A Minnesota Human Rights Act. Requires that all public services be operated in such a manner that does not discriminate against any person in the access to, admission to, full utilization of or benefit from such public service.
4. Minnesota Statutes, Section 176.181, subd. 2. Requires recipients and subcontractors to have worker's compensation insurance coverage.
5. Minnesota Statutes, Sections 290.9705. Requires that 8 percent of payments made to out-of-state contractors be withheld once cumulative payments made to the contractor for construction work done in Minnesota exceed \$50,000 in a calendar year, unless a waiver is granted by the Department of Revenue.
6. Minnesota Statutes, Section 116J.871. Requires recipients of \$500,000 or more of state loan funds to be used for construction to ensure that prevailing wages are paid to laborers and mechanics at the project construction site.
7. Minnesota Statutes, Section 16B.98 and Department of Administration, Office of Grants Management, Policy Number 08-01 Conflict of Interest Policy for State Grant-Making. Forbids public officials from engaging in activities which are, or have the appearance of being, in conflict of interest.
8. Minnesota Statutes, 116J.993-995. Business Subsidy laws apply to this project.
9. Minnesota Statutes, 116J.8731. Minnesota Investment Fund laws apply to this project.
10. Minnesota Investment Fund, Rules Chapter 4300.
11. Minnesota Statutes, Chapter 13. The Minnesota Government Data Practices Act provides guidance on data privacy related to this project.

Local Government Certification:

If an award is provided for the project, the information contained in the application will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act found in Minnesota Statutes, Chapter 13. I also certify compliance with the appropriate State Statutes and Rules as stated in the accompanying Local Government Resolution.

I have read the above statement and I agree to supply the information requested to the Minnesota Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify the information contained herein is true and accurate.

Robert Mattei/Director of Community Development

Name/Title of Local Government Official

Robert Mattei

Signature of Local Government Official

Digitally signed by Robert Mattei
Date: 2023.06.08 13:48:26 -05'00'

Date

Conflict of Interest Disclosure Form

This form gives Local Government agencies an opportunity to disclose any actual, potential or perceived conflicts of interest that may exist when receiving a grant. It is the agency's obligation to be familiar with the Office of Grants Management (OGM) [Policy 08-01](#), Conflict of Interest Policy for State Grant-Making and to disclose any conflicts of interest accordingly.

All Local Government applicants must complete and sign a conflict of interest disclosure form.

☒ I or my agency do NOT have an ACTUAL or POTENTIAL conflict of interest.

If at any time after submission of this form, I or my agency discover any conflict of interest(s), I or my agency will disclose that conflict immediately to the appropriate agency or grant program personnel.


☐ I or my agency have an ACTUAL or POTENTIAL conflict of interest. (*Please describe below*):

If at any time after submission of this form, I or my agency discover any additional conflict of interest(s), I or my agency will disclose that conflict immediately to the appropriate agency or grant program personnel.

Rob Mattei

Printed name

Robert Mattei

 Digitally signed by Robert Mattei
Date: 2023.06.08 13:48:56 -05'00'

Signature

Grand Rapids Economic Development Authority

Local Government Agency

Date

LOCAL GOVERNMENT RESOLUTION EXAMPLE

MINNESOTA INVESTMENT PROGRAM

This resolution must be adopted prior to submission of the application.

BE IT RESOLVED that (Applicant) act as the legal sponsor for the project contained in the Minnesota Investment Fund Application to be submitted on or about (Date) and that (Title of First Authorized Official) and (Title of Second Authorized Official) are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of (Applicant).

BE IT FURTHER RESOLVED that (Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to administer the proposed project.

BE IT FURTHER RESOLVED that (Applicant) has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State, (Applicant) may enter into a Grant Contract with the State of Minnesota for the approved project, and that (Applicant) certifies that it will comply with all applicable laws, statutes, regulations and rules as stated in the Grant Contract and described in the Project Compliance Certification of the Application.

AS APPLICABLE, BE IT FURTHER RESOLVED that (Applicant) has obtained credit reports and credit information on (Name of Business) and (Name of Owners). Upon review by (Applicant) and (Applicant's Legal Counsel), no adverse findings or concerns regarding, but not limited to, tax liens, judgments, court actions, and filings with state, federal and other regulatory agencies were identified. Failure to disclose any such adverse information could result in revocation or other legal action.

NOW, THEREFORE BE IT RESOLVED that (Title of First Authorized Official) and (Second Authorized Official), or their successors in office, are hereby authorized to execute the Grant Contract and amendments, thereto, as are necessary to implement the project on behalf of the (Applicant).

I CERTIFY THAT the above resolution was adopted by the (City Council or County Board) of (Applicant) on (Date).

*Add signature blocks as required by your jurisdiction.

PUBLIC HEARING NOTICE EXAMPLE

Notice of Public Hearing

Notice is hereby given that on (date/time) at (location details) the (local unit of government) will hold a public hearing concerning submittal of an application to the Minnesota Department of Employment and Economic Development for a grant under the Minnesota Investment Fund (MIF) program.

The (local unit of government) is requesting approximately \$ (amount of MIF funds to be requested) to assist with the (start-up or expansion) of (name of business). The funds will be used for the creation of jobs.

All interested parties are invited to attend the public hearing at which time you will be given the opportunity to express comments on the project.

Written testimony will also be accepted at the public hearing. Written comments must be received by (date) at (address). Specific questions can be directed to (contact name and phone number).

The (local unit of government) makes reasonable accommodation for any known disability and to meet the needs of non-English speaking residents that may interfere with a person's ability to participate in this public hearing. Persons needing an accommodation must notify (contact person, phone number) no later than (date) to allow adequate time to make needed arrangements.

SECTION 2 – Business Information

Business Operating Name:	Business Legal Name:
L&M Fleet Supply, Inc.	L&M Supply, Inc.
Name of Borrower (if different):	Parent Company (if applicable):

Business Mailing Address: PO Box 280	Street Address for MIF Project Site: TBD SE 7th Avenue
Business City/State/Zip: Grand Rapids, MN 55744	City/State/Zip for MIF Project Site: Grand Rapids, MN 55744
Primary Business Contact: Erik Andersen	Contact Title: Co-Owner & CFO
E-mail: erik@landmsupply.com	Telephone: 218-326-9451
Business Website: www.landmsupply.com	FEIN: 41-0856419
NAICS Code: 452300	Minnesota Tax ID: 9206389

PART A – Business Description

Describe the business and its major activities.

- Please attach a narrative and include the following information:
 - Business overview and company history
 - Product or industry outlook for the MIF project
 - Markets for the MIF Project (local, statewide, national, international) & competitive advantage for each
- Attach three years historical financials (profit & loss/balance sheets), 2 years financial projections, and year to date internally generated financials. CPA audited or reviewed financials are required. If not available, copies of tax returns will be required.
- Indicate type of business & provide documentation listed:
 - ☒ Corporation: Articles of Incorporation, By-Laws, Certificate of Incorporation
 - ☐ Partnership: Partnership Agreement
 - ☐ LLC: Articles of Organization, Operating Agreement, Member Control Agreement, Certificate of Organization
 - ☐ Sole Proprietorship: Assumed Name Certificate, Affidavit of Publication
 - ☐ Foreign Corporation: Certificate of Authority to Transact Business in Minnesota and in home state
- Does the property or the business have any outstanding local, state or federal tax liabilities? ☐ Yes ☒ No
If yes, describe: _____
- Are there current or unsatisfied judgments or injunctions against the business or owners? ☐ Yes ☒ No
If Yes, describe: _____
- Is there current or pending litigation involving the business? ☐ Yes ☒ No
If yes, attach summary and disposition.
- Within the past five years, has there been any violation(s), citation(s), or complaint(s) of discrimination filed against the company in a state or federal court or before any state, federal or Local Government agency?
☐ Yes ☒ No If Yes, attach a copy of the violation(s), citation(s), or complaint(s) and the disposition of each.

8. Have there been any current or past bankruptcies on the part of the business, or on the part of any current (or prospective) officer, principal, owner or in any business dealings of current (or prospective) officers, principals, or owners of the applicant entity? ☐ Yes ☒ No
9. List holders of outstanding stock of 10% or more of business ownership. For holders over 20% and holders over 10% that are active in the business, personal financial statements must be submitted.

Name	Title	% of Ownership
Del Matteson	Co-Owner & Chief Operations Officer	29.17%
Shawn Matteson	Co-Owner & Chief Marketing Officer	29.17%
Erik Andersen	Co-Owner & Chief Financial Officer	20.83%
Christina Andersen	Shareholder	20.83%

10. List officers / key employees and include resumes (President, Vice President, etc.):

Name	Title	Years at Company
Del Matteson	Co-CEO / Chief Operations Officer	21
Shawn Matteson	Co-CEO / Chief Marketing Officer	20
Erik Andersen	Co-CEO / Chief Financial Officer	19

Part 2A attachments:

- ☐ Narrative (Items a-c) ☐ 3 Yrs. Financials ☐ 2 Yrs. Projections ☐ YTD Financials ☐ Item 3 Documents
☐ Item 6 (if applicable) ☐ Item 7 (if applicable) ☐ Personal Financial Statements ☒ Resumes

SECTION 3 – Project Overview

PART A – Project Description

Describe the project for which MIF funds are being requested.

- Please attach a narrative and include the following information:
 - Provide details for the project for which MIF funds are being requested. Discuss topics such as square footage, lease versus ownership, machinery and equipment, new construction versus renovation, leasehold improvements, etc.
 - Is this a new facility/site, expansion and/or acquisition?
 - Will the business purchase, lease, or construct the facility? Who will own the facility?
 - Explain why MIF financing is necessary for this project to move forward (e.g. financing gaps, lack of collateral, potential non-Minnesota locations).
- Attach a commitment letter from each financing source, including a letter of commitment for any business equity.

Part 3A attachments:

- ☒ Project Narrative (Items a-d) ☐ Commitment Letters

PART B – Project Timeframe

Task

Commitment of Funds

Start of Construction

Purchase Equipment

Equipment in Service/Occupancy (for MIF funded activities)

Estimated Completion Date

August 2023

May 2024

October 2023

January 2025

PART C – Project Sources & Uses

Use of Funds	MIF	Bank	Equity	Local Government	Other	Total
Property Acquisition		235400	78500	336150		650050
Site Improvement		3568800	1189600			4758400
New Construction		24856400	2722600	5562800		33141800
Renovation of Existing Bldg.						0
Purchase of M & E	2000000	10214000	238000	0	2500000	14952000
Other		1612500	537500			2150000
Total Project Cost	2000000	40487100	4766200	5898950	2500000	55652250
Term (years)	7					
Interest Rate	0 (forgivable)					

- Do you acknowledge that Personal or Parent Company Guarantees are required as a condition of the MIF loan? ☒ Yes
- Describe source of any "Equity" listed: L&M Supply, Inc.
- Description of "Other" source of funds: Minnesota IRRR \$2.5M loan (\$1.25M forgivable)
- Description of "Other" use of funds: FFE and Computer Software and Equipment
- Describe collateral offered and collateral position for each funding source, including proposed MIF award (e.g. Letter of Credit, Lien on Equipment, Mortgage):

Source	Collateral	Position
MIF	Purchased Equipment	Lien on Equipment
IRRRB Loan	Purchased Equipment	Lien on Equipment

PART D – Detailed Job & Wage Information

- Current number of permanent, FTE employees in Minnesota: 619
- Current number of permanent, FTE employees at proposed MIF project site: 0
**If awarded a recent payroll report will be required to document employment levels at the time of award. Social security numbers and other sensitive information should be redacted.*
- Will any jobs be relocated from another Minnesota site to the proposed MIF site? ☒ Yes ☐ No
- If yes, which location(s) will the employees be relocated from? Existing LaPrairie DC # of Positions 66
**For jobs relocated from another Minnesota location, a letter in support of the move from the city where the jobs will be moving from must be attached.*
- Will there be any reduction of positions (non-transfers) at other company sites during the next two years, or a reduction in purchases from Minnesota suppliers or vendors as a result of the project? If yes, please describe.
No
- Number of new FTE jobs to be created within 2 years at the MIF Project site: Sheet
**Full-time equivalent (FTE) permanent jobs based upon expected work hours of 2080 annually*
- Which eligible non-mandated benefits will be provided?
 - ☒ Health
 - ☒ Dental
 - ☒ Retirement
 - ☒ Life
 - ☒ Profit Sharing/Bonuses

Part 3D attachments:

- ☐ Payroll Report ☒ Letter of Support (if applicable)

JOB CREATION FORM – List All Permanent Jobs to Be Created

Position title (List permanent FTE positions only)*	Number of Positions	Hourly Cash Wage W/O Benefits ****	Hourly Value of Benefits**	Total Hourly Compensation Including Benefits***
DC General Manager	1	45	26	71
DC Supervisor	4	22	15	37
Specialized Equipment Operators	6	19	14	33
General Pallet Movers	4	19	14	33
Warehouse Workers	10	18	14	32
DC Admin	3	18	14	32
WMS Superuser	1	22	15	37
Human Resources Lead	1	25	16	41
Director	1	60	28	88
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0

Total jobs to be Created: 31 **Average hourly wage:** 21.55 **Average hourly benefits:** 15.06

**For the purposes of the Minnesota Investment Fund program, jobs considered must be non-contract, non-seasonal, permanent full-time (or part time that add to 2080) equivalent positions working at least 2080 hours per year.*

*** Only eligible non-mandated benefits to the employee as indicated in Part D question #8. Social security tax, unemployment insurance, workers compensation insurance and other benefits mandated by law must be excluded.*

**** Total compensation including base wage and benefits must be at least 110% of the federal poverty income level for a family of four (verify current wage levels with loan officer at the time of application).*

***** Each wage level should be indicated separately, do not use average wages.*

PART E - Environmental

1. Are there any environmental risks associated with the site, building, or the business itself? ☐ Yes ☒ No

If yes, please describe:

2. Have state environmental review requirements been met? ☐ Yes ☐ No ☒ N/A

SECTION 4 – Business Acknowledgement and Certifications

Data Privacy Acknowledgement:

Tennessen Warning Notice: per MN Statutes 13.04, Subd.2, this data is being requested from you to determine if you are eligible for assistance from the Minnesota Department of Employment and Economic Development. You are not required to provide the requested information, but failure to do so may result in the department's inability to determine your eligibility for assistance. The data you provide that is classified as private or non-public and will not be shared without your permission except as specified in state and federal laws.

Data Privacy Notice: per MN Statutes 13.591, Subdivision 1, certain data provided in this Application is private or non public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds. Per MN Statutes 116J.401, Subd. 3., certain data provided in this application is private data; this includes data collected on individuals pursuant to the operation of business finance programs.

Business Certification:

Financial Assistance Certification: I hereby certify that the Minnesota Investment Fund program is necessary to my business start-up or expansion and that without the Minnesota Investment Fund my business start-up or expansion project would not happen to the extent outlined in the Minnesota Investment Fund Application. I certify that I will not count any existing positions or employees moved or relocated from another of Minnesota facility where my business conducts operations as new permanent full-time employees for the purposes of fulfilling requirements of the Minnesota Investment Fund Program. I certify I will not terminate, lay-off, or reduce the working hours of an employee for the purpose of hiring an individual to fulfill the requirements of the Minnesota Investment Fund Program.

I have read the above statements and I agree to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify that all information provided herein is true and accurate and that the official signing this form has authorization to do so.

Name/Title of Business Official: Erik Andersen, Co-Owner & Chief Financial Officer

Signature of Business Official: Erik Andersen Digitally signed by Erik Andersen
Date: 2023.06.08 16:29:25 -05'00'

Date: _____

Job Listing Notice

A business receiving financial assistance from the State of Minnesota in an amount in excess of \$200,000 for a single project shall work with DEED's Employment and Training staff to list any vacant or new positions related to the project on www.careerforcemn.com per Minn. Stat. 116L.66. The employer is also encouraged to enlist the services of DEED's Employment and Training staff to recruit and refer job candidates.

The Job Listing requirements follow these easy steps:

1. At the time of financing award, DEED's Business Finance Office will provide written notification of the award to DEED's Employment and Training staff. This notification will include the business name, address and phone number (as well as for the contact person) and the number and type of jobs to be created as a result of the DEED assistance.
2. The Employment and Training representative will contact the business to schedule a meeting to sign a Job Listing Agreement that details how positions will be posted on www.careerforcemn.com. The employer is required to list only those job openings that are part of the project DEED is assisting.
3. Managerial positions, positions that require unusual skills, knowledge, abilities and/or experience not common to the labor market, and job openings to be filled by internal promotion will not subject to the Agreement and need not be listed on www.careerforcemn.com.
4. The business will notify the Employment and Training staff of job openings and will ensure that job vacancies are entered into www.careerforcemn.com at least 15 days prior to the anticipated hiring date. Employment and Training staff may refer the employer to free services that can expedite the job order entry.
5. Applicants will follow instructions on www.careerforcemn.com to apply for open positions. However, the business will make all decisions on which candidates they will interview and hire.
6. The employer may continue to use other recruitment and job referral services in addition to www.careerforcemn.com and may fill positions prior to meeting with Employment and Training staff and signing the Job Listing Agreement.

The Job Listing Notice is designed to help businesses recruit and hire qualified candidates. If you have questions about using www.careerforcemn.com, please contact your Employment and Training (<https://mn.gov/deed/business/help/workforce-assistance/wf-strategy.jsp>) or the www.careerforcemn.com Help Desk Specialist at (651) 259-7500.

Certification


I have read the above information and understand that as a recipient of state financial assistance in excess of \$200,000, a representative shall meet with DEED Employment and Training staff and agree to sign a job listing agreement and post project-related jobs on www.careerforcemn.com following the meeting.

Erik Andersen, Co-Owner & CFO

Printed Name and Title of Business Contact

Erik Andersen

Signature

 Digitally signed by Erik Andersen
Date: 2023.06.08 16:29:55 -05'00'

218-326-9783

Phone

Date

Consent to Release Private Business Employment and Wage Data

Collected and Maintained by the Minnesota Unemployment Insurance Program

To qualify for financial assistance from the DEED Office of Business Finance, your business must agree to create or retain a minimum number of jobs within a specific period of time. These jobs must also pay at or above specified wage levels.

To verify that these requirements have been met, the Office of Business Finance uses quarterly wage records submitted by businesses to the Minnesota Unemployment Insurance Program.

Because Unemployment Insurance records are private, we need your permission to access records about your business. The records we seek to access include:

- Aggregate Minnesota employment levels for your business
- Aggregate Minnesota employment levels at the relevant project site
- Information about your compliance with Unemployment Insurance tax and reporting requirements

It is important to note that we will not receive the names or social security numbers of your employees.

If you sign this form, your records will be securely transmitted by Unemployment Insurance Program staff to the Office of Business Finance. The Office of Business Finance will receive your Unemployment Insurance records on an ongoing basis until your business subsidy agreement expires or is terminated. We will not release any data from your Unemployment Insurance records to any other parties.

You are not legally required to grant us access to your Unemployment Insurance records. You also have the right to withdraw your permission at any time. Please note, however, that refusal to grant access to your Unemployment Insurance records may limit your eligibility for financial assistance.

If you have questions about this form, please contact Jeffrey M. Nelson, Executive Director (Interim), Office of Business Finance at 651-259-7523 or jeff.m.nelson@state.mn.us.

I give my permission for the Unemployment Insurance Program to release the records about my business (as described in this form) to the DEED Office of Business Finance. I understand that these records will be used by the Office of Business Finance to verify the satisfaction of requirements associated with my business subsidy agreement.

Erik Andersen <small>Digitally signed by Erik Andersen Date: 2023.06.08 16:30:37 -05'00'</small>	L&M Supply, Inc.	
Signature of Business Official	Business Name	Date
Erik Andersen	Co-Owner & Chief Financial Officer	
Printed Name of Business Official	Position	
erik@landmsupply.com	218-326-9783	
E-mail	Phone	
41-085419		
Employer Identification Number (EIN) Used for Project Site		
Other Employer Identification Numbers (EINs) Used by Business		

Notice: Accurately Reporting Business Units to the Minnesota Unemployment Insurance Program

This notice is a reminder that Minn. Stat. § 268.044 requires your business to submit quarterly wage records to the Minnesota Unemployment Insurance Program by “reporting unit”.

You have the option to split reporting units for your business by physical location, financial centers, division of labor, or user security requirements. For the purposes of monitoring job creation and wage level performance per your business subsidy agreement, the Office of Business Finance strongly recommends creating a specific reporting unit for the relevant project site.

Reporting units can be added or modified as follows:

To add a reporting unit:

1. **Log in to your account** at www.uimn.org
2. On My Home Page, click **Account Maintenance**.
3. Click **Maintain Reporting Units**.
4. Click **Add New Reporting Unit**.
5. Enter reporting unit information.
6. Click **Next**. The Address Validation page opens.
7. Confirm the address, and then click **Next**.
8. Verify the reporting unit information.
9. Click **Submit**.

To inactivate a reporting unit:

1. **Log in to your account** at www.uimn.org
2. On My Home Page, click **Account Maintenance**.
3. Click **Maintain Reporting Units**.
4. Under Active Reporting Units, click the reporting unit link.
5. Under Inactivate Reporting Unit, check the checkbox **Inactivate Reporting Unit**.
6. Enter the date of last covered wages for this reporting unit.
7. Select the reason for inactivating this reporting unit from the drop down menu, and then click **Next**.
8. Verify the reporting unit information and benefit account mailing address.
9. Click **Save**.

If you have any questions about reporting units or other aspects of the Unemployment Insurance wage detail submission process, contact Aaron Tell, Unemployment Insurance Outreach Specialist, at 651-259-7567 / aaron.tell@state.mn.us.

Erik Andersen

Digitally signed by Erik Andersen
Date: 2023.06.08 16:33:27 -05'00'

L&M Supply, Inc

Signature of Business Official

Company

Date

Erik Andersen

Co-Owner & Chief Financial Officer

Printed Name of Business Official

Position

erik@landmsupply.com

218-326-9783

E-mail

Phone

Targeted Population Designation Characteristics

In order to qualify for Targeted Population Designation, the business must be majority (at least 51%) owned by persons who meet certain qualifying characteristics. One or more individuals may be included when determining eligibility. Please provide information regarding qualifying characteristics of the owner(s). Check all that apply:

☐ Minority

Minority group members are citizens (or lawfully admitted permanent residents) of the United States who belong to one or more of the following groups:

- a) "Black Americans," which includes persons having origins in any of the Black racial groups of Africa;
- b) "Hispanic Americans," which includes persons of Mexican, Puerto Rican, Cuban, Dominican, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
- c) "Native Americans," which includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians;
- d) "Asian-Pacific Americans," which includes persons whose origins are from Japan, China, Taiwan, Korea, Burma (Myanmar), Vietnam, Laos, Cambodia (Kampuchea), Thailand, Malaysia, Indonesia, the Philippines, Brunei, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Palau), the Commonwealth of the Northern Marianas Islands, Macao, Fiji, Tonga, Kiribati, Juvalu, Nauru, Federated States of Micronesia, or Hong Kong;
- e) "Subcontinent Asian Americans," which includes persons whose origins are from India, Pakistan, Bangladesh, Bhutan, the Maldives Islands, Nepal or Sri Lanka;

☐ Woman

☐ Veteran

Veteran means a citizen of the United States or a resident alien who has been separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or by reason of disability incurred while serving on active duty, or who has met the minimum active duty requirement as defined by Code of Federal Regulations, title 38, section 3.12a, or who has active military service certified under section 401, Public Law 95-202. The active military service must be certified by the United States secretary of defense as active military service and a discharge under honorable conditions must be issued by the secretary.

☐ Person(s) with disabilities

The term "disability" is defined under the Americans with Disabilities Act and means, with respect to an individual:

- a) a physical or mental impairment that substantially limits one or more major life activities of such individual;
- b) a record of such an impairment; or
- c) being regarded as having such an impairment.

I certify that the business is at least 51% owned by person(s) who are representative of one or more of the qualifying groups.

Name/Title of Authorized Business Representative

Signature of Authorized Business Representative

Date



Minnesota Investment Fund (MIF) Program Application

Narrative Sections

L&M Distribution Center Project Grand Rapids, MN

June 9, 2023

Section 1

PART B – Community Needs & Capacity

Throughout its history, the Grand Rapids area economy has been weighted toward the natural resource-based industries of mining and forest product manufacturing. While the area economy has been relatively stable overall between 2000 and 2019, there has been a major shift in the types of industries and occupations. Employment in manufacturing, led by paper and forestry products, decreased by 51.9 percent. After starting out the 21st century as the second largest employment sector in Itasca County it is now the 6th largest of the eleven industry super sectors. While those industries continue to positively support our economy and provide quality employment opportunities, further diversification of our economy will temper the negative impacts of market fluctuation experienced by those commodity based traditional industries.

This project will benefit the entire region, particularly Itasca County, which has met Federal economic distress criteria for several years. The County's 24-month unemployment rate has been at least one percentage point higher than the national average for several years. The County's 24-month unemployment rate is 1.1 percentage points higher than the national average in January 2021. In addition to unemployment distress, The City of Grand Rapids had a 2019 ACS per capita income of \$30,286, which is 88 percent of the national per capita income of \$34,103.

Since opening of their first store in 1959, L&M Fleet Supply has been headquartered in Grand Rapids. During their first 50 years, L&M expanded their store locations to seven Minnesota communities, and since then have added three stores in Wisconsin, one in Upper Michigan, and another Upper Michigan store to open in early 2024. Presently, L&M employs 245 in the Grand Rapids area, including 62 administrative/professional, 81 in distribution and 102 in retail. In the State, they employ a total of 715, with the difference being additional retail positions.

In 2008, L&M relocated their Grand Rapids retail store to a larger building in south Grand Rapids and has since operated its distribution and business functions out of their original location. With L&M's continued

growth and need to advance order and carry inventory for longer periods, they have outgrown the capacity of their current distribution center.

The L&M Fleet Supply Distribution Center project would expand their distribution footprint to 210,000 square feet. The proposed modern, efficient, and data-driven distribution center will be a Greenfield new construction site, located in the industrial park in the City of Grand Rapids. The Distribution Center project will allow L&M to retain and grow their business and provide additional distribution jobs in Grand Rapids and will have the added benefit of achieving the expansion of the Industrial Park in Grand Rapids.

The Grand Rapids Economic Development Authority (GREDA) and the City of Grand Rapids, with support from the City of Grand Rapids Finance Department, have the experience and capacity to manage this grant, follow compliance requirements and implement the project. A recent example of this is the DEED MIF grant provided to GREDA in 2017 in support of the addition of a parts distribution center at ASV Holdings. The City and GREDA have recently completed a DEED SCDP Commercial and Residential Rehabilitation grant, and consistently administer several grants and loans from MN IRRR on an annual basis.

PART D – Business Credit Check

The Grand Rapids Economic Development Authority conducted information searches using the following sources on both L & M Supply Inc. and its owners: Google news, MN Secretary of State Good Standing, Itasca County Auditor property tax status, criminal records, pending lawsuits, and bankruptcy. No adverse findings were found.

PART F – Financial Analysis

L&M Supply has planned for DEED representatives to conduct an on-site review of their business's financials for the proposed project.

PART E – Other Assistance

Subsidy Grantor	Subsidy Amount	Date Received/Will be Received	Type of Subsidy	Location where Subsidy Received/Used
MN IRRR	\$2,500,000	TBD	Partially Forgivable Loan	Grand Rapids, MN
City of Grand Rapids	\$4,251,692	TBD	TIF & Tax Abatement	Grand Rapids, MN
Grand Rapids EDA	\$413,600	TBD	Land Discount/Site Due Diligence Work	Grand Rapids, MN
Itasca County	\$1,401,135	TBD	Tax Abatement	Grand Rapids, MN

Section 2

PART A – Business History/Description

Company History

L&M Supply, Inc. is a privately held retail company with 12 stores located across Northern Minnesota, Wisconsin, and the upper peninsula of Michigan. L&M was founded in 1959 in Grand Rapids and is currently led by the third generation of family owners who live, work, and play in the Grand Rapids area. L&M Supply Stores are in the Farm/Home category of retail with 14 departments across

their stores from Plumbing to Farm and Sporting Goods to Housewares.

L&M is a member/owner of Mid-States Distributing, a buying and distribution organization that allows L&M and other members to take advantage of the buying power of a large national retailer.

Present and Future

In Minnesota, L&M currently operates stores in Grand Rapids, Hibbing, Mountain Iron, Bemidji, Thief River Falls, Cloquet, Park Rapids and Detroit Lakes. In Wisconsin, L&M has stores located in Hayward, Ashland, and Rhinelander. In Michigan, they own and operate a store in Escanaba with plans to open a store in Marquette in the first quarter of 2024.

L&M also operates an e-commerce platform where items are shipped to online customers across the United States. L&M has established itself as a strong competitor in the e-commerce space, especially when it comes to serving home heating and outdoor recreation customers with both small parcel and LTL delivery methods.

The longer-term growth plan is to open another store every 1-2 years, focusing on the northern side of the upper Midwest. In addition to new store openings, current store remodels will add retail square footage that will facilitate same-store sales growth.

Problem Statement

With continued same-store sales growth and the addition of new stores across the northland, L&M has exhausted their current distribution space. Coupled with the supply chain challenges of needing to buy in larger quantities and hold them until the selling season, increased distribution capability is critical.

This growth has put significant strain on the current distribution center, located in LaPrairie, MN. Over the last several years, contingencies have been put in place in order to maintain service to the stores, including storing products in trailers on-site, leasing containers to store product, and securing storage space at a third-party logistics provider. These contingencies have allowed L&M to continue to distribute, but the impact on productivity and service has been significant. Instead of putting product away when it arrives to the DC and then pulling to send to a store when needed, the team needs to move the product around multiple times, creating choke points and inefficiencies that impact the replenishment of products to the stores and drive increased handling costs. In addition to these inefficiencies, safety becomes a concern due to the congestion within the current space.

Efforts were undertaken to explore the addition of space to the existing facility, but due to the proximity to wetlands and the Mississippi River, these efforts were untenable. At that point, a search for a new space was undertaken where both brownfield and greenfield sites were studied.

Locations considered include Grand Rapids, Cohasset, and the Duluth/Superior area. While the Duluth/Superior area has considerable advantages to the Grand Rapids area, ownership firmly believes that staying and growing stronger roots in L&M's hometown is best for the company and the community.

Solution

When the former Ainsworth Site in Grand Rapids, MN became an option, considerable effort was taken to study the feasibility of re-imagining a large portion of the former Oriented Strand Board manufacturing facility into a modern distribution center. However, the site was ultimately deemed to be a poor fit due to the age of the building, the layout as a former manufacturing plant, and the significant cost of needed repairs and improvements.

A greenfield site selection process was then undertaken, and after a comprehensive review of available options, a site on Airport Road in Grand Rapids was chosen as the best location to construct the new

distribution center. Some of the factors in this decision were the available acreage, room for expansion, quick access to a major highway, and proximity to L&M headquarters.

Project Overview

The current plan for the new distribution center is to construct a 210,000 square foot facility with the ability to add additional space in the years to come to support sales growth. The new site will be purpose built using an industry leader in the distribution center construction space.

Success

The vision of success for this project includes the following objectives:

- 1. Provide L&M with increased and efficient distribution space to facilitate growth for decades to come.
- 2. Provide increased employment opportunities and career paths for individuals in the Grand Rapids area.
- 3. Support the growth of the Grand Rapids industry base.
- 4. Increase investment opportunities from additional organizations in the Grand Rapids area.

Articles of Incorporation and Minnesota Secretary of State Certificate of Authority are attached.

Section 3

PART A – Project Description

As previously stated, L&M Fleet Supply proposes the relocation and expansion of their warehouse and distribution operations to a 210,000 square foot, purpose-built Greenfield site. The planned project would occur in three phases:

Phase	Timeline	Description	Estimated Capital Investment
1	2024	Construction of the facility, outdoor spaces, and storage media; configuration and deployment of a new warehouse management system.	\$38,452,180
2	2025	Employee Training, relocation to the new facility	\$1,231,000
3	2028	Installation of advanced material handling equipment, employee training	\$9,990,468
Total:			\$49,673,648

With this project, L&M Fleet Supply will retain and relocate the 81 positions currently employed in their existing warehouse and distribution center. In addition to retaining those employees, L&M will add 30-45 positions in the new Distribution Center MIF project location and 5-8 additional positions in their Grand Rapids corporate headquarters over the three-year phase in.

Positions planned for the Distribution Center include:

Position Title	Number of Positions	Hourly Cash Wage W/O/ Benefits	Hourly Value of Benefits	Total Hourly Compensation, Including Benefits	Total Estimated Annual Compensation, Including OT
DC General Manager	1	45	26	\$ 71.00	\$ 166,140.00
DC Supervisor	4	22	15	\$ 37.00	\$ 86,580.00
Specialized Equipment Operators	6	19	14	\$ 33.00	\$ 77,220.00
General Pallet Movers	4	19	14	\$ 33.00	\$ 77,220.00
Warehouse Workers	10	18	14	\$ 32.00	\$ 74,880.00
DC Admin	3	18	14	\$ 32.00	\$ 74,880.00
WMS Superuser	1	22	15	\$ 37.00	\$ 86,580.00
Human Resources Lead	1	22	15	\$ 37.00	\$ 86,580.00
Director	1	60	28	\$ 88.00	\$ 205,920.00

The estimated annual net increase in payroll after full implementation is: \$2,637,180.

L&M Fleet Supply provides benefits for all of its full-time employees, including Medical & Dental Insurance, Life Insurance, an employee discount, and a generous 401k Retirement Plan.

We estimate the renovation, site improvements and internal building layout modifications will employ approximately 20 full-time temporary jobs for the duration of the project.

The construction of the L&M Distribution Center has an estimated construction budget of \$38.4 million. Through a consultation with the Itasca County Assessor, the estimated post development assessed value of the Distribution Center will be approximately \$18,000,000. At current tax rates, this capital improvement will generate an additional \$649,000 of annual local and state property tax revenue.

Exhibit A
to GREDA Resolution 08-05

A RESOLUTION TO MODIFY THE CITY'S
COMMERCIAL BUILDING IMPROVEMENT LOAN PROGRAM GUIDELINES

1. Purpose: The Commercial Building Improvement Loan (CBIL) Program is a revolving loan fund intended primarily to help building owners and leaseholders improve the appearance and function of their existing buildings. Secondary purposes of the Program include: the removal of blight, to increase the vitality and competitiveness of small businesses, and to strengthen the tax base in the Grand Rapids commercial districts.
2. Program Objective: The objective of the Commercial Building Improvement Loan Program is to fill the financing gap between project costs and private debt financing and private equity by making direct below market interest loans for certain approved activities in the City of Grand Rapids.
3. Eligible Locations: Any retail/commercial building or building site within the following zoning districts shall be eligible to apply for a Commercial Building Improvement Loan, provided the project involves eligible improvements and is submitted by an eligible applicant : (LB – Limited Business, GB – General Business, CBD – Central Business District, SGB – Shoreland General Business, SLB – Shoreland Limited Business, I-1 – Industrial Park 1, SI-1 – Shoreland Industrial Park 1)
4. Eligible Applicants: The owner of a commercial building may apply for an improvement Loan. If a person leasing a commercial building would like to apply for a loan, the property owner must also sign the application, and loan papers. The application must be supported by evidence of property ownership, such as a title insurance policy, title opinion, or copy of a deed.
5. Eligible Improvements: Program funds may be used for fixed asset financing such as:
 - 5.1. Building construction and expansion
 - 5.2. Building renovation and remodeling
 - 5.3. Landscaping and parking lot improvements
 - 5.4. Signage

These loan funds will be granted for building and site improvement related purposes only. This program is not intended for purposes such as; providing working capital, refinancing of existing loans, marketing and promotion, or inventory acquisition.

6. Application and Review:
 - 6.1. Interested applicants should meet with the Community Development Director (GREDA Executive Director) to obtain information about the GREDA Commercial Building Improvement Loan Program and to discuss the proposed project and obtain application forms.
 - 6.2. A completed application form, along with the required submittals must be submitted to the Community Development Director prior to review by GREDA.

6.3. The application is reviewed by the Community Development Director to determine if it conforms to the general requirements of this Program, and all other City Codes, policies, ordinances and regulations.

7. Project Review:

7.1. The Grand Rapids Economic Development Authority (GREDA) Loan Review Committee, which is comprised of two GREDA Commissioners, the Community Development Director (GREDA Executive Director), the City Finance Director will review each application in terms of its proposed activities in relation to their impact on the Grand Rapids economic community. The Committee will make a recommendation to the GREDA concerning funding of the proposed project for final consideration of the application

7.2. The GREDA will evaluate the project application in terms of the following:

7.2.1. Project Design – Evaluation of project design will include a review of the proposed activities, timelines and capacity to implement.

7.2.2. Financial Feasibility – Availability of funds, private involvement, financial packaging and cost effectiveness.

7.2.2.1. Ratio of private funds to GREDA loan funds

7.2.2.2. Sufficient cash flow to cover proposed debt service.

7.2.2.3. Net Worth Test: Applicant to be assisted must show a positive net worth.

7.2.2.4. Letter of commitment from applicable business pledging to complete project during proposed duration if loan application is approved.

7.2.2.5. Letter of commitment from regulated financial institution stating terms and conditions of their participation in project.

7.2.2.6. Sufficient security to cover debt service.

7.2.3. Project compliance with all City Codes and policies.

7.3. All applications failing to meet the minimum threshold standards but are able to show sufficient documentation of ability to cover the expected debt service may be reviewed on a case by case basis by the GREDA. The GREDA reserves the right to waive certain requirements of this program and may request additional information and documentation as deemed necessary.

7.4. The GREDA must review and approve all applications prior to disbursement of loan proceeds.

8. Maximum Loan Amount: The Commercial Building Improvement Loan program funds may finance up to 75% of the project cost, or \$40,000, whichever is less.

9. Interest Rate: The interest rate for Commercial Building Improvement Loans shall be two percent (2%). Interest will begin accruing on any interim disbursements at the time those payments are approved. The payment of accumulated interest prior to the final disbursement will be factored into the monthly payment schedule at the time of final disbursement. There will be no penalty for early payment.

10. Term: The maximum term for any improvement Loan shall be 5 years. Loans will be amortized over a twenty year period with a balloon payment due at the end of the term.

- 10.1. **Balance Due:** Unless otherwise provided for herein, all balances will due and payable if and when the loan recipient refinances/restructures other existing debt associated with the same property. At the time the balance of the original Commercial Building Improvement Loan is paid, as required herein, the loan recipient will have the option of re-applying to GREDA for a new loan under the current terms and objectives of the CBIL Program at that time.
- 10.2. **Subordination:** The GREDA Loan Review Committee, at their discretion, may review a request for a subordination of an existing GREDA Commercial Building Improvement Loan, provided that the new financing, from all sources, is used to replace the existing debt on the subject property. This proposed new primary financing would be limited to: the pay off of the existing first and/or second mortgage in place prior to GREDA's loan, the financing of any closing costs (including prepaid items), and cash back of no greater than \$2,000. Any request for subordination can, at the Committee's discretion, be accompanied by a request for a verification of the current value of the property, in order to show that the total loan to value has not increased from issuance of the initial CBIL Program loan. If there is an increase in the loan to value ratio of the property, the requestor must apply for a new loan under the terms outlined herein. The GREDA Loan Review Committee reserves the right to request any information required under the CBIL Application form in order to aid them in their decision making process.
11. **Payments:** Payments shall be on a monthly basis unless otherwise approved by the Grand Rapids EDA. If the monthly payment calculated under these terms is less than \$50.00, the loan payment shall be set at \$50.00 per month.
- 12.
13. **Security:** The loan shall be secured by a promissory note and mortgage of the borrower.
14. **Fee:** The filing fee for the program shall be \$150. This fee shall be paid when the application is filed.
15. **Documents:** Loans shall be subject to whatever agreements and documents as are reasonably necessary to insure that the purpose and intent of this program are met. The application form lists the minimum required submittals. The GREDA reserves the right to waive certain submittal requirements for smaller loan requests.
16. **Deadline for Improvements:** The construction for any project funded by the program must be completed within 120 days of the loan closing.
17. **Disbursement of Loan Proceeds:** Loan funds will be disbursed upon the City's verification of the completion of the entire project or project element involving an interim disbursement, through a site visit by the City Building Official. Prior to disbursements of the loan fund, the applicant will also be required to provide an Ownership and Encumbrances Report in a form acceptable to the City Attorney. Accommodations may be made for interim draws when the work being done is part of a large project, subject to interim inspections. If interim disbursements are requested, borrower will furnish proper lien waivers from contractors. The minimum time interval between requests for interim disbursements is 30 days. The maximum interval between the first and final disbursement shall be 90 days. Interim disbursement amounts will be no greater than 75% of the value of completed construction. At the time of the disbursement request, invoice copies shall be provided as evidence of the cost of completed construction.

18. Insurance: Applicant shall provide verification that the building is insured at a level equal to its value, with the GREDA listed as additional insured. The applicant shall provide verification of Key Man life insurance in appropriate situations such as a sole proprietorship.
19. Availability of Funds: Program funds are limited. Loans may be awarded on a first come, first serve basis for eligible projects. Some funds are reserved for projects within the traditional Downtown business district.
20. Default Provisions: Loans will be considered in default after thirty days (30) days have elapsed past the payment due date. At that time the GREDA will make contact, by written notice, that payment is due. After sixty (60) days have elapsed, the GREDA will discuss the nonpayment and past due balance. A second letter will be sent plus a site visit to the building owner. After ninety (90) days elapse, and if no payment is received, the GREDA may initiate foreclosure proceedings.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF GRAND RAPIDS, MINNESOTA

For The Year Ended
December 31, 2021

Prepared by:

Finance Department

Barbara Baird
Finance Director

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I. INTRODUCTORY SECTION

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June 14, 2022

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

The Annual Financial Report (AFR) for the City of Grand Rapids for the fiscal year ended December 31, 2021, is hereby submitted. Minnesota State Statutes require that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This requirement has been met by the engagement of the firm of Redpath and Company, Ltd. and their report is included in the financial section of this report.

This report consists of management's representations concerning the finances of the City of Grand Rapids. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Grand Rapids has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Grand Rapids' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Grand Rapids' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Grand Rapids' financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Grand Rapids for the fiscal year ended December 31, 2021, 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, 2021, 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 11,126. The City of Grand Rapids signed an Annexation Agreement with the Grand Rapids Township in 2000 and the City annexed the last area of the Township on January 1, 2010. The City of Grand Rapids is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation. The City is the region's retail trade, health care, education and cultural center with a market draw of more than 49,000 people.

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

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

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

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

The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfer of appropriations between departments, however, require the special approval of the governing Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 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 144 to 151.

Local economy

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

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

In addition, and also notable in the forest product sector of the economy, the City has been working closely with a new owner of the former Ainsworth oriented strand board manufacturing plant, a 400,000 sf facility that permanently shuttered in 2008. The new owner of the site is proposing a multi-tenant industrial facility redevelopment project that would be anchored by the development of an expanded, modern, data driven 270,000 square foot warehouse/distribution center for L&M Fleet Supply. Since opening of their first store in 1959, L&M Fleet Supply has been

headquartered in Grand Rapids. During their first 50 years, L&M expanded their store locations to seven Minnesota communities, and since then have added three stores in Wisconsin and two in Upper Michigan. Presently, L&M employs 245 in the Grand Rapids area, including 62 administrative/professional, 81 in distribution and 102 in retail. With this relocation and expansion of the L&M Distribution Center, 30-45 new positions will be added in the next three years.

Grand Rapids is also home to ASV Holdings, Inc. ASV currently employs approximately 224 in their Grand Rapids based manufacturing of compact track loaders and skid steer loaders together with a parts distribution center. In September of 2019, 100% of the ASV shares were purchased by Yanmar, a global producer of engines, agricultural equipment, construction and marine equipment, tools and components.

Currently the City is working with ASV, the Minnesota Department of IRRR and MN DEED to facilitate a proposed expansion of ASV/Yanmar. The proposed project involves a significant expansion of the Grand Rapids production facility with the addition of a 60,000 square feet high-bay warehouse, site improvements, assembly layout modifications, additional equipment and staffing.

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

In 2018, the City of Grand Rapids entered into a contract for private development with Rebound Hospitality, including the creation of a TIF redevelopment district, involving the demolition of the recently closed Sawmill Inn and the construction of a new Best Western Plus hotel. Construction of a multi-tenant retail store anchored by a Starbucks on another of the newly created commercial sites in this redevelopment began in the fall of 2020.

A permit application has been submitted for a 64-unit My Place extended on the former K-Mart. This project will commence in the spring of 2022 and will be open in spring of 2023.

After two consecutive years of record setting building permit activity in 2019 and 2020, 2021 building permit activity was nearer to the 20-year annual average of \$25.5M, with permits for projects reaching a total value of \$28.7M. Commercial projects accounted for \$13.9M of the total, near the 17-year average of \$14.4M of annual permitted commercial construction. In terms of the number of permits issued, the 2021 total of 526 permits was below the 10 year average of 550. We expect 2022 to be another high year for permitted construction. Currently \$55M of construction has been permitted with one of those projects being a large addition to the Itasca County Courthouse.

In 2021 the construction of a new \$3.7M student center at Itasca Community College and the North Homes \$2.4M development of a new 52-bed psychiatric residential rehabilitation facility were completed. The Pillars of Grand Rapids, a 110-unit \$18M senior housing project, Unique Opportunities \$3M, 48-unit apartment building and Aurora Heights a \$10.2M 56-unit affordable housing project were completed and were greeted with significant interest. As an example, the 48-unit apartment was fully leased 8 weeks prior to opening.

Long-term financial planning

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

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

Relevant Financial Policies

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

In 2017, the City implemented the Uniform Guidance for Procurement Procedures to ensure that the procurement process complies with all applicable legal requirements, federal and state regulations. To ensure that the goods and services required by the City are obtained using established procedures that comply with all legal requirements for public purpose expenditures while promoting fair and open competition to ensure public confidence in the procurement process, ensure fair and equitable treatment of vendors who transact business with the City, and provide safeguards for the maintenance of a procurement system of quality and integrity.

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

Major initiatives

In 2021, the City continued to focus resources on making needed improvements to the IRA Civic Center.

Recognizing there are needed improvements at the IRA Civic Center and the importance of keeping the facility open, the City Council is moving forward with addressing the following:

Roof/Truss System: Multiple truss failures – Due to age, deterioration and an original design that is good for 43% of current building standard loads, any significant snow event creates a dangerous condition. Signage has been put up to warn the public and employees of the risk of building failure. The West venue should not be used during winter months unless a plan to mitigate the risk is carried out diligently. If a significant snow event occurs, the venue will be closed, and events cancelled until the roof is cleared.

R-22 Ice System: The Civic Center utilizes two separate refrigeration systems to maintain its two ice sheets. The West system was installed in 1967 and uses R-22 Freon, which under federal EPA law can no longer be produced or imported as of 2019. In addition, the 52-year old piping in the floor contains slow leaks and could pose a complete shut-down of the rink if the situation worsens. The East system was installed in 1995 and with minor modifications has the capacity to run both rinks. This scenario will also increase electrical efficiency helping reduce expenses.

ADA Improvements: The West venue is not in compliance with the Americans with Disabilities Act. Minnesota Accessibility Code requires a minimum of 20 percent of the cost of the building renovation to be spent to bring the facility into ADA compliance. There is no way to move between the ground and lobby levels without exiting the building. The outside sidewalk slope is not ADA compliant and a significant risk in the winter. Bathrooms and locker rooms are not ADA compliant and are a barrier to anyone with mobility issues. Our West Venue is used for Grand Rapids High School graduation, weddings, reunions, concerts, shows etc... we need equal opportunity for everyone.

Health/Safety needs: There are indoor air quality issues, locker rooms that were designed when hockey was primarily a male only sport and the West venue does not meet the current fire code requirements. We have made small improvements over the years to address maintenance issues but need capital to bring the facility in line with current Health and Safety requirements. Locker room inequities bring the possibility of Title IX lawsuits.

The IRA Civic Center exceeds 200,000 visitors per year, hosts over 30 dry events per year, and a minimum of 12 youth hockey tournaments per year, creating an economic impact that exceeds \$3.5 million per year. Without this facility, our hotels and restaurants will have a difficult time surviving through the winter months. the current opinion of cost for the project is \$15.5 million.

Funding for the project is as follows:

- State Bonding \$5 million (secured)
- Blandin Foundation \$1,5 million (applied)
- IRRRB \$0.5 million (applied)
- City of Grand Rapids \$8.5 million

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, 2020. This was the twenty-ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. 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 maintain high financial standards has helped the City maintain its strong financial condition.

Respectfully submitted,



Tom Pagel
City Administrator



Barbara A. Baird
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Grand Rapids
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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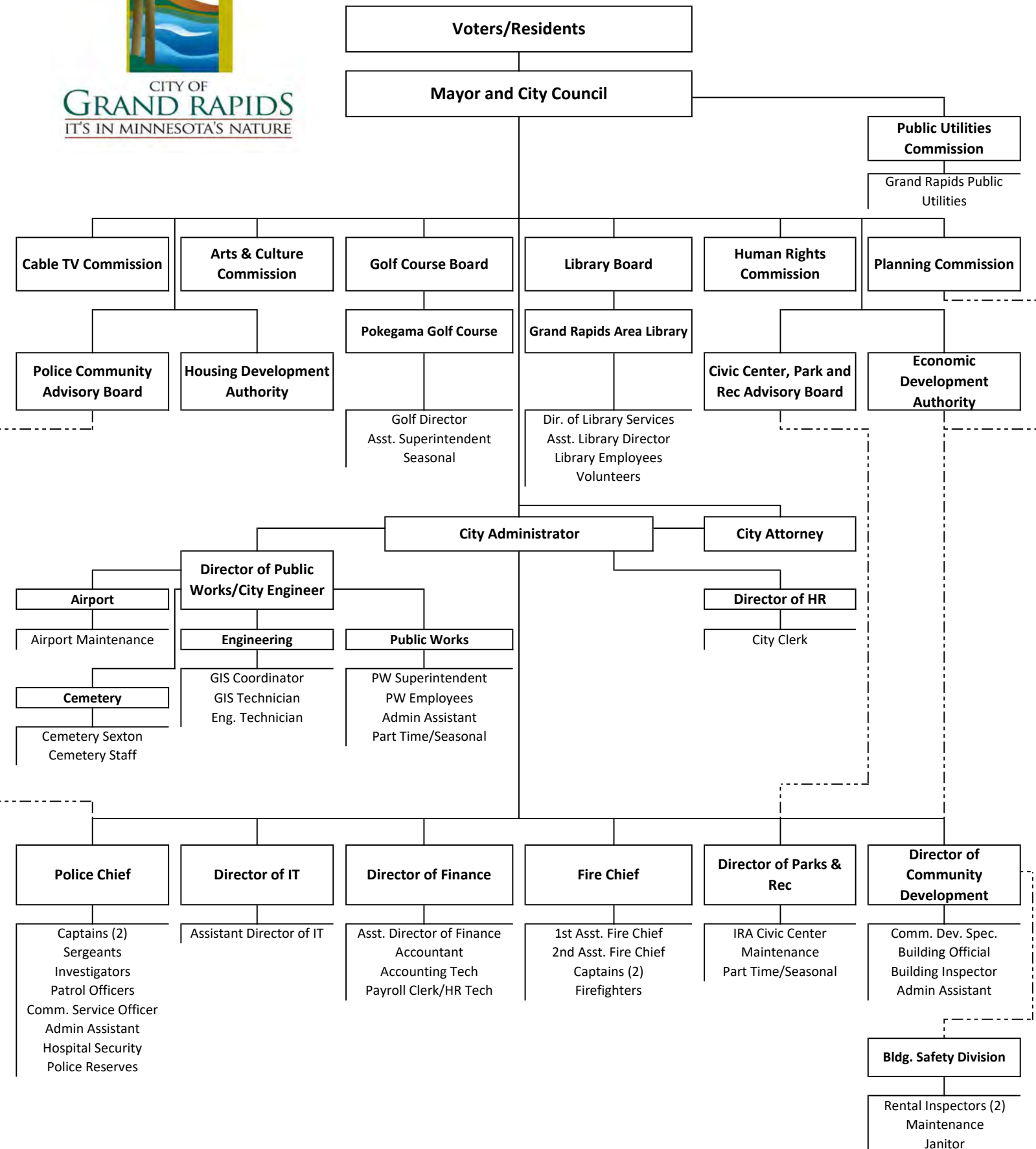
GRAND RAPIDS, CITY OF
PRINCIPAL CITY OFFICIALS AND DEPARTMENT HEADS
December 31, 2021

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

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City of Grand Rapids, 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 financial statements of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Economic Development Authority (discretely presented component unit), each major fund, and the aggregate remaining fund information of City of Grand Rapids, Minnesota, as of December 31, 2021, 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 46 percent, 43 percent, and 55 percent, respectively, of the assets, net position, and revenues of the primary government and its discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Utilities Commission, is based solely on the report of the other auditors. The financial statements of the Public Utilities Commission were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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.

Report on Summarized Comparative Information

We have previously audited the City of Grand Rapids, Minnesota's 2020 financial statements, and we expressed unmodified audit opinions on the respective 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 in our report dated May 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 GAAS 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 GAAS 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 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 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 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022 on our consideration of 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 City of Grand Rapids, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Grand Rapids, Minnesota's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Redpath and Company, LTD.".

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 14, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 7 of this report.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$64,969,705 (net position).

The City's total net position increased by \$4,123,773. The governmental activities of the City increased by \$3,671,156. This increase is due to the investment in capital outlay.

The business-type activities increased by \$452,617 due to an increase in Golf Course revenue and due to rate increases in the Storm Water Utility.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,257,359. Of this amount, \$6,321,661 is restricted by external constraints established by creditors, grantors, contributors, or by state statutory provisions.

At the end of the current fiscal year the general fund balance was \$7,554,548. Of that amount, \$1,652,993 was in a non-spendable form, \$39,516 was restricted, \$1,049,832 was committed and \$4,812,207 was unassigned.

The City's total debt increased from \$22,617,600 to \$26,686,627 (excluding compensated absences). The City issued General Obligation Improvement Bonds, Series 2021B for \$6,255,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Management's Discussion and Analysis

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a golf course and a storm water utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities (Public Utilities Commission and Economic Development Authority) for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Public Utilities Commission issues separate financial statements. The Economic Development Authority does not.

The government-wide financial statements can be found on pages 37 through 39 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 2021, the City maintained five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the following major funds:

- General fund
- Capital Equipment Replacement
- Airport Capital
- 2021 Infrastructure Bonds
- 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 40 and 41 of this report.

Proprietary funds. The City maintains two enterprise funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its golf course and storm water utility operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are used to report activities that provide services for the City's other departments, such as pension benefits. The internal service fund is reported with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on page 43 through 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements provide separate information for the following custodial funds:

- Lodging Tax
- Cable TV Commission

The basic fiduciary fund financial statement can be found on page 46 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 49 through 98 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, agency funds, and the Economic Development Authority (EDA) component unit is presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 118 through 141 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$64,969,705 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$51,410,762 or 79%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GRAND RAPIDS' NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$22,028,726	\$23,219,060	\$752,040	\$394,602	\$22,780,766	\$23,613,662
Capital assets	73,667,622	65,585,277	2,756,809	2,738,601	76,424,431	68,323,878
Total assets	95,696,348	88,804,337	3,508,849	3,133,203	99,205,197	91,937,540
Total deferred outflows of resources	3,521,770	1,286,930	-	-	3,521,770	1,286,930
Liabilities:						
Long-term liabilities outstanding	27,929,884	25,468,249	11,612	6,535	27,941,496	25,474,784
Other liabilities	4,806,229	5,092,953	121,152	203,200	4,927,381	5,296,153
Total liabilities	32,736,113	30,561,202	132,764	209,735	32,868,877	30,770,937
Total deferred inflows of resources	4,888,385	1,607,601	-	-	4,888,385	1,607,601
Net position:						
Net investment in capital assets	48,653,953	45,277,093	2,756,809	2,708,980	51,410,762	47,986,073
Restricted	9,519,302	10,530,098	-	-	9,519,302	10,530,098
Unrestricted	3,420,365	2,115,273	619,276	214,488	4,039,641	2,329,761
Total net position	\$61,593,620	\$57,922,464	\$3,376,085	\$2,923,468	\$64,969,705	\$60,845,932

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 \$4,074,533

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

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

Net position was impacted by \$4,433,258 at December 31, 2021 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	\$3,418,746
Noncurrent assets	-
Deferred inflows of resources	(3,235,362)
Noncurrent liabilities	(4,616,642)
Total	<u>(\$4,433,258)</u>

Governmental Activities

Governmental activities increased the City's net position by \$3,671,156 in 2021. Key elements of this increase are as follows:

- Annual principal payments on bonds were greater than new bond debt issued during the year. Therefore, reduction of debt increased the City's net position.
- Interest and fees on long-term debt increased by \$89,226 primarily due to issuance of debt.
- Operating grants and contributions decreased \$1,013,900 due to one-time pass through grants received in 2020 from the State of Minnesota (CARES Funding).
- Capital grants and contributions increased by \$3,297,072 due to a grant from the Department of Transportation Aeronautics Division to rehabilitate Runway 16/34 at the Grand Rapids/Itasca County Airport.

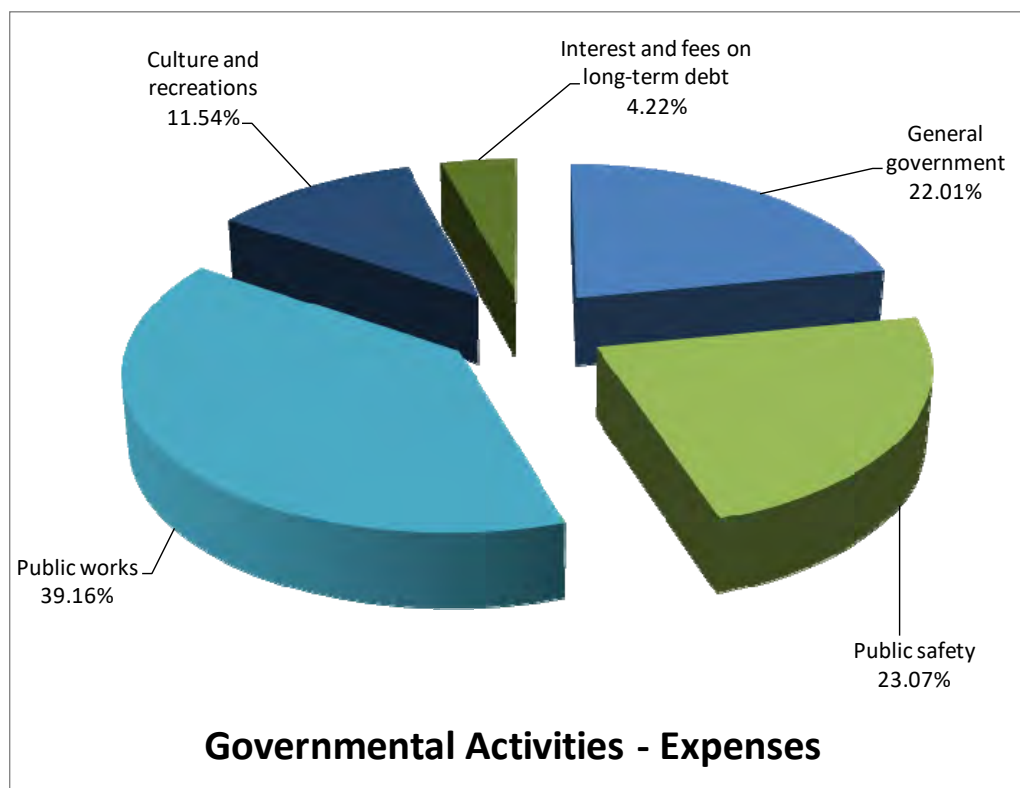
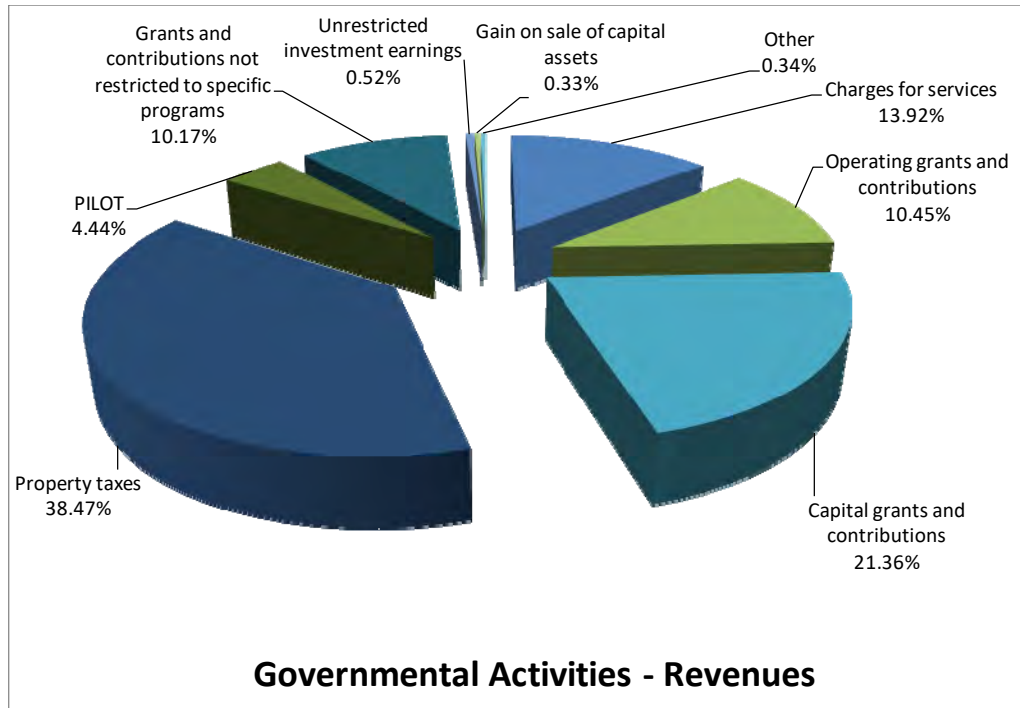
Management's Discussion and Analysis

City of Grand Rapids' Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$2,870,644	\$3,623,221	\$1,657,616	\$1,400,224	\$4,528,260	\$5,023,445
Operating grants and contributions	2,153,675	3,169,921	-	-	2,153,675	3,169,921
Capital grants and contributions	4,403,281	1,088,517	115,400	-	4,518,681	1,088,517
General revenues:						
Taxes	7,924,863	7,659,562	-	-	7,924,863	7,659,562
Payments in lieu of taxes (PILOT)	914,886	911,762	-	-	914,886	911,762
Grants and contributions not restricted to specific programs	2,096,967	2,086,492	-	-	2,096,967	2,086,492
Unrestricted investment earnings	107,623	136,466	5,229	3,644	112,852	140,110
Gain (loss) on sale of capital assets	67,402	2,512,675	-	-	67,402	2,512,675
Other	70,478	-	-	-	70,478	-
Total revenues	<u>20,609,819</u>	<u>21,188,616</u>	<u>1,778,245</u>	<u>1,403,868</u>	<u>22,388,064</u>	<u>22,592,484</u>
Expenses:						
General government	3,727,831	4,566,308	712,099	-	4,439,930	4,566,308
Public safety	3,907,045	3,811,071	613,529	-	4,520,574	3,811,071
Public works	6,633,805	7,451,179	-	-	6,633,805	7,451,179
Culture and recreation	1,954,824	1,825,496	-	-	1,954,824	1,825,496
Interest and fees on long-term debt	715,158	625,932	-	-	715,158	625,932
Golf course	-	-	-	636,642	-	636,642
Storm water utility	-	-	-	657,178	-	657,178
Total expenses	<u>16,938,663</u>	<u>18,279,986</u>	<u>1,325,628</u>	<u>1,293,820</u>	<u>18,264,291</u>	<u>19,573,806</u>
Change in net position before transfers	3,671,156	2,908,630	452,617	110,048	4,123,773	3,018,678
Transfers - primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	3,671,156	2,908,630	452,617	110,048	4,123,773	3,018,678
Net position - January 1	<u>57,922,464</u>	<u>55,013,834</u>	<u>2,923,468</u>	<u>2,813,420</u>	<u>60,845,932</u>	<u>57,827,254</u>
Net position - December 31	<u>\$61,593,620</u>	<u>\$57,922,464</u>	<u>\$3,376,085</u>	<u>\$2,923,468</u>	<u>\$64,969,705</u>	<u>\$60,845,932</u>

Management's Discussion and Analysis

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



Management's Discussion and Analysis

Business-Type Activities

Business-type activities increased the City's net position by \$452,617 in 2021. 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 \$177,072 in 2021 compared to an \$15,072 decrease in 2020. The Golf Course had a 17% increase in the number of rounds played and a 11% increase in season pass sales.

The Storm Water Utility Fund is used to pay for storm water maintenance and infrastructure construction. The net position of the Storm Water Utility Fund increased \$254,330 in 2021 compared to a \$84,210 decrease in 2020. The increase is due to the change made to the Storm Water Utility rates and an \$39,081 decrease in operating expenses. This fund was established in 2004 with storm water utility charges implemented on January 1, 2005. Any funds that are not used for storm water utility maintenance by the Public Works Department are used to reduce storm water infrastructure improvement project costs.

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,527,359. Approximately 11% of this total amount (\$1,698,102) constitutes non-spendable fund balance and approximately 41% (\$6,321,661) constitutes restricted fund balance. The remainder of the fund balance consists of amounts committed (\$1,980,975) and assigned (\$2,364,975) by City Council, as well as unassigned fund balance (\$2,891,646). Additional information about the City's fund balance classifications can be found in Note 15.

The general fund balance increased by \$212,839 in 2021, compared to a \$720,900 increase in 2020. Prior to other financing sources and uses and special items, the General Fund balance increased \$212,839 in 2021 compared to a \$1,037,345 increase in 2020. Key elements of this increase are as follows:

- Intergovernmental revenue decreased \$726,689 due to receipt of \$891,600 federal CARES monies and a one-time Iron Range Resources and Rehabilitation Board grant for \$300,000 for the Grand Rapids Public Utilities Super Oxygenation Project for their Waste Water Treatment Plant received in 2020.
- Charges for services increased \$64,453 primarily due to an increase in Engineering and Administrative charges for City Construction Projects.

Miscellaneous expenditures decreased \$644,797 due to a one-time grant payment to the Grand Rapids Economic Development Authority for small business assistance and a one-time grant payment to Grand Rapids Public Utilities for the Super Oxygenation Project made in 2020.

Management's Discussion and Analysis

The Capital Equipment Replacement fund had a fund balance increase of \$16,953 due to \$40,300 recovered in the sale of fixed assets.

The Airport Capital fund had a fund balance decrease of \$33,629 due to contracts payable in 2021.

The 2021 Infrastructure Bonds had a fund balance increase of \$427,529 due to the issuance of bonds in 2021.

The Civic Center Capital Improvement fund has a decrease in fund balance of \$1,086,716 due to a contract with ICS Consulting for design costs.

The non-major special revenue funds increased by \$169,709 for 2021 due to the Civic Center having an \$86,260 increase and the Cemetery had a \$25, 250 increase in fund balance.

The non-major debt service funds decreased by \$576,130 due to the closing of a fund that had matured and the reduction of levy amounts needed for bond payments.

The non-major capital project funds increased by \$213,818. This is due to the closing of a debt service fund that matured and the balance of \$211,435 transferred into the Permanent Improvement Revolving fund.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Golf Course had an operating income of \$57,884. Operating revenues increased by \$125,105 due to an increase in the number of rounds played and an increase of \$26,495 in season pass sales.

The Storm Water Utility had an operating income of \$249,068. Operating revenues increased by \$129,900 due to an increase in the Storm Water Utility rates.

Budgetary Highlights

General Fund. The General Fund had an increase in fund balance of \$212,839. The General Fund revenue was over budget by \$608,803 due to several items. Licenses and Permits was over approximately \$84,000 because of the construction of a new hotel and a new bank. Charges for services over budget by \$19,000 due an unbudgeted increase in Finance charges and Engineering charges for City projects. Intergovernmental Revenue was over budget by \$428,000 primarily due to receipt of a one-time Iron Range Resources and Rehabilitation grant monies for the Grand Rapids Public Utilities Solar Garden Project and \$172,570 in State Emergency funding for storm damage that occurred on July 26, 2021

Total expenditures were over budget by \$472,818. Miscellaneous expenditures was over budget by \$219,799 due to a one-time Iron Range Resources and Rehabilitation grant that was paid out to the Grand Rapids Public Utilities.

Management's Discussion and Analysis

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, 2021, amounts to \$76,424,431. (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure, machinery and equipment.

City of Grand Rapids' Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land and land improvements	\$7,095,296	\$7,080,791	\$919,686	\$910,812	\$8,014,982	\$7,991,603
Building and improvements	10,599,387	9,768,260	1,360,335	1,361,702	11,959,722	11,129,962
Vehicles, equipment and furniture	4,705,456	4,619,881	476,788	466,087	5,182,244	5,085,968
Infrastructure	38,184,298	35,634,358	-	-	38,184,298	35,634,358
Construction in progress	13,083,185	8,481,987	-	-	13,083,185	8,481,987
Total	<u>\$73,667,622</u>	<u>\$65,585,277</u>	<u>\$2,756,809</u>	<u>\$2,738,601</u>	<u>\$76,424,431</u>	<u>\$68,323,878</u>

Additional information on the City's capital assets can be found in Note 6.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$26,686,627 (excluding compensated absences), a increase of \$4,039,406 from 2020. Of the total outstanding amount:

- \$7,650,000 is general obligation improvement debt that is supported in part by special assessments,
- \$615,000 is general obligation tax increment debt which is financed through the City's economic development program,
- \$17,615,000 are CIP Bonds, Street Reconstruction Bonds and an Equipment Certificate that is supported by property tax levies,
- \$806,627 is a combined total of unamortized bond premiums and capital leases.

Management's Discussion and Analysis

City of Grand Rapids' Outstanding Debt

G.O. Improvement Bonds, G.O. Tax Increment Bonds, other G.O. Bonds, capital leases, loans and bond premium:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation improvement bonds	\$7,650,000	\$9,425,000	\$ -	\$ -	\$7,650,000	\$9,425,000
General obligation tax increment bonds	615,000	650,000	-	-	615,000	650,000
Other general obligation bonds	17,615,000	12,065,000	-	-	17,615,000	12,065,000
Capital leases, loans, bond premium	806,627	477,600	-	29,621	806,627	507,221
Total	<u>\$26,686,627</u>	<u>\$22,617,600</u>	<u>\$0</u>	<u>\$29,621</u>	<u>\$26,686,627</u>	<u>\$22,647,221</u>

The City issued General Obligation Improvement Bonds, Series 2021B for \$6,255,000 in 2021.

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 \$25,087,196. Of the City's outstanding debt, \$15,747,803 is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 7.

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

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BASIC FINANCIAL STATEMENTS

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CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 1

	Primary Government				Component Units	
	Governmental	Business-Type	Total		Economic Development	Public Utilities
	Activities	Activities	2021	2020	Authority	Commission
Assets:						
Cash and investments	\$15,393,231	\$741,847	\$16,135,078	\$16,929,552	\$884,143	\$3,689,146
Accrued interest receivable	16,144	-	16,144	20,609	-	4,197
Due from other governmental units	985,087	-	985,087	1,127,289	-	-
Due from primary government	-	-	-	-	18,551	18,505
Due from component units	63,086	112,846	175,932	218,169	-	-
Accounts receivable - net	169,983	7,945	177,928	157,357	47,080	3,229,994
Pledges receivable	14,387	-	14,387	42,510	-	-
Internal balances	133,038	(133,038)	-	-	-	-
Prepaid items	523,671	22,440	546,111	212,462	-	129,278
Property taxes receivable	347,009	-	347,009	266,022	-	-
Special assessments receivable	2,568,840	-	2,568,840	2,788,630	-	-
Inventories - at cost	-	-	-	-	-	613,402
Other receivable	-	-	-	133,555	-	12,320
Land held for resale	-	-	-	-	3,401,507	-
Notes receivable	300,000	-	300,000	300,000	1,018,454	-
Restricted cash and investments	-	-	-	-	-	3,972,818
Restricted accounts receivable	-	-	-	-	-	13,414,453
Financial assurance landfill closure	-	-	-	-	-	4,526,085
Net pension asset	1,514,250	-	1,514,250	1,417,507	-	-
Capital assets - nondepreciable	20,178,481	919,686	21,098,167	16,473,590	-	2,227,117
Capital assets - net of accumulated depreciation	53,489,141	1,837,123	55,326,264	51,850,288	-	58,212,213
Regulatory assets	-	-	-	-	-	159,654
Non-utility property - net of amortization	-	-	-	-	-	592,157
Total assets	95,696,348	3,508,849	99,205,197	91,937,540	5,369,735	90,801,339
Deferred outflows of resources:						
Service territory acquisition	-	-	-	-	-	185,580
Loss on refunding	-	-	-	-	-	84,480
Related to pensions	3,520,699	-	3,520,699	1,285,603	-	1,137,052
Related to OPEB	1,071	-	1,071	1,327	-	-
Total deferred outflows of resources	3,521,770	0	3,521,770	1,286,930	0	1,407,112
Liabilities:						
Accounts payable	415,845	23,422	439,267	717,757	15,799	1,832,215
Accrued wages payable	134,534	5,853	140,387	97,621	-	58,672
Due to other governmental units	32,128	3,440	35,568	284,492	80,361	118,594
Due to component units	134,119	6,299	140,418	432,827	-	-
Contracts payable	234,296	-	234,296	401,237	-	-
Deposits payable	358,714	58,260	416,974	418,102	1,605	435,196
Due to primary government	-	-	-	-	-	129,038
Accrued interest payable	295,869	975	296,844	242,676	-	170,729
Unearned revenue	658,653	21,134	679,787	111,023	-	113,392
Compensated absences:						
Due within one year	47,071	1,769	48,840	45,797	-	219,594
Due in more than one year	483,103	11,612	494,715	476,061	-	96,636
Net pension liability:						
Due in more than one year	3,235,362	-	3,235,362	4,874,930	-	1,580,066
Landfill closure costs:						
Due in more than one year	-	-	-	-	-	4,526,085
Noncurrent liabilities:						
Due within one year	2,495,000	-	2,495,000	2,544,621	43,193	1,859,000
Due in more than one year	24,191,627	-	24,191,627	20,102,600	1,997,855	15,327,187
Other post employment benefits:						
Due in more than one year	19,792	-	19,792	21,193	-	-
Total liabilities	32,736,113	132,764	32,868,877	30,770,937	2,138,813	26,466,404
Deferred inflows of resources:						
Demand payment deferral	-	-	-	-	-	12,915,642
Related to pensions	4,876,464	-	4,876,464	1,596,904	-	1,558,185
Related to other post employment benefits	11,921	-	11,921	10,697	-	-
Other deferred credits	-	-	-	-	-	34,772
Total deferred inflows of resources	4,888,385	0	4,888,385	1,607,601	0	14,508,599
Net position:						
Net investment in capital assets	48,653,953	2,756,809	51,410,762	47,986,073	-	43,337,623
Restricted for:						
Debt service	7,922,980	-	7,922,980	9,017,009	-	1,170,000
Itasca County share of airport	74,387	-	74,387	77,229	-	-
Pensions	1,356,381	-	1,356,381	1,373,361	-	-
Other purposes	165,554	-	165,554	62,499	-	2,367,622
Unrestricted	3,420,365	619,276	4,039,641	2,329,761	3,230,922	4,358,203
Total net position	\$61,593,620	\$3,376,085	\$64,969,705	\$60,845,932	\$3,230,922	\$51,233,448

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, 2021

With Comparative Totals For The Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$3,727,831	\$591,979	\$760,664	\$ -
Public safety	3,907,045	879,364	636,868	-
Public works	6,633,805	505,483	731,767	4,391,187
Culture and recreation	1,954,824	893,818	-	12,094
Interest and fees on long-term debt	715,158	-	24,376	-
Total governmental activities	<u>16,938,663</u>	<u>2,870,644</u>	<u>2,153,675</u>	<u>4,403,281</u>
Business-type activities:				
Golf course	712,099	781,728	-	115,400
Storm water utility	613,529	875,888	-	-
Total business-type activities	<u>1,325,628</u>	<u>1,657,616</u>	<u>0</u>	<u>115,400</u>
Total primary government	<u>\$18,264,291</u>	<u>\$4,528,260</u>	<u>\$2,153,675</u>	<u>\$4,518,681</u>
Component units:				
Economic Development Authority	\$332,777	\$44,077	\$455,590	\$ -
Public Utilities Commission	27,865,909	25,345,701	-	2,366,944
Total component units	<u>\$28,198,686</u>	<u>\$25,389,778</u>	<u>\$455,590</u>	<u>\$2,366,944</u>
General revenues:				
General property taxes				
Payments in lieu of taxes (PILOT)				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other				
Transfers				
Total general revenues. and transfers				
Change in net position				
Net position - January 1				
Net position - December 31				

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

Net (Expense) Revenue and Changes in Net Position				Component Units	
Primary Government				Economic	Public
Governmental	Business-Type	Total	Total	Development	Utilities
Activities	Activities	2021	2020	Authority	Commission
(\$2,375,188)	\$ -	(\$2,375,188)	(\$2,938,868)	\$ -	\$ -
(2,390,813)	-	(2,390,813)	(2,488,734)	-	-
(1,005,368)	-	(1,005,368)	(3,812,342)	-	-
(1,048,912)	-	(1,048,912)	(562,152)	-	-
(690,782)	-	(690,782)	(596,231)	-	-
(7,511,063)	0	(7,511,063)	(10,398,327)	0	0
-	185,029	185,029	17,094	-	-
-	262,359	262,359	89,310	-	-
0	447,388	447,388	106,404	0	0
(7,511,063)	447,388	(7,063,675)	(10,291,923)	0	0
				166,890	-
				-	(153,264)
				166,890	(153,264)
7,924,863	-	7,924,863	7,659,562	55,175	-
914,886	-	914,886	911,762	-	-
2,096,967	-	2,096,967	2,086,492	2,827	-
107,623	5,229	112,852	140,110	7,008	15,677
67,402	-	67,402	2,512,675	25,500	26,246
70,478	-	70,478	-	-	-
-	-	-	-	-	-
11,182,219	5,229	11,187,448	13,310,601	90,510	41,923
3,671,156	452,617	4,123,773	3,018,678	257,400	(111,341)
57,922,464	2,923,468	60,845,932	57,827,254	2,973,522	51,344,789
\$61,593,620	\$3,376,085	\$64,969,705	\$60,845,932	\$3,230,922	\$51,233,448

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

	101 General Fund	407 Capital Equipment Replacement	413 Airport Capital Fund	482 2021 Infrastructure Bonds	483 Civic Center Capital Improvements	Other Governmental Funds	Total Governmental Funds	
							2021	2020
Assets								
Cash and investments	\$4,473,521	\$468,978	\$ -	\$973,321	\$ -	\$9,477,411	\$15,393,231	\$16,427,330
Accrued interest receivable	16,144	-	-	-	-	-	16,144	20,609
Due from other governmental units	475,961	-	355,052	6,924	-	136,516	974,453	1,114,309
Due from other funds	1,621,952	-	-	-	-	-	1,621,952	117,171
Due from component units	5,426	-	-	-	-	57,660	63,086	153,390
Accounts receivable	65,245	-	4,000	-	-	100,738	169,983	147,199
Pledges receivable	-	-	-	-	-	14,387	14,387	42,510
Interfund loan receivable	1,479,969	-	-	-	-	-	1,479,969	1,320,035
Prepaid items	173,023	305,539	-	-	-	45,109	523,671	203,982
Taxes receivable - delinquent	307,111	-	-	-	-	39,898	347,009	266,022
Special assessments receivable	62,272	-	-	-	-	2,536,568	2,598,840	2,838,630
Note receivable	300,000	-	-	-	-	-	300,000	300,000
Total assets	\$8,980,624	\$774,517	\$359,052	\$980,245	\$0	\$12,408,287	\$23,502,725	\$22,951,187
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Accounts payable	\$167,004	\$78	\$ -	\$ -	\$ -	\$248,763	\$415,845	\$703,554
Accrued wages payable	114,437	-	-	-	-	20,097	134,534	90,398
Due to other governmental units	19,161	-	-	-	-	12,967	32,128	283,844
Due to component units	104,478	-	-	-	-	29,641	134,119	349,618
Contracts payable	-	-	32,039	130,998	-	71,259	234,296	401,237
Due to other funds	-	-	224,853	-	1,263,858	133,241	1,621,952	106,696
Deposits payable	349,245	-	-	-	-	9,469	358,714	367,102
Interfund loan payable	-	1,330,781	-	-	-	52,074	1,382,855	1,196,612
Unearned revenue	2,368	-	-	-	-	656,285	658,653	96,978
Total liabilities	756,693	1,330,859	256,892	130,998	1,263,858	1,233,796	4,973,096	3,596,039
Deferred inflows of resources:								
Unavailable revenue	669,383	-	-	-	-	2,602,887	3,272,270	3,447,162
Total deferred inflows of resources	669,383	0	0	0	0	2,602,887	3,272,270	3,447,162
Fund balances:								
Nonspendable	1,652,993	-	-	-	-	45,109	1,698,102	1,524,017
Restricted	39,516	-	-	-	-	6,282,145	6,321,661	6,828,704
Committed	1,049,832	-	-	-	-	931,143	1,980,975	1,779,309
Assigned	-	-	102,160	849,247	-	1,413,568	2,364,975	1,811,774
Unassigned	4,812,207	(556,342)	-	-	(1,263,858)	(100,361)	2,891,646	3,964,182
Total fund balances	7,554,548	(556,342)	102,160	849,247	(1,263,858)	8,571,604	15,257,359	15,907,986
Total liabilities, deferred inflows of resources, and fund balances	\$8,980,624	\$774,517	\$359,052	\$980,245	\$0	\$12,408,287	\$23,502,725	\$22,951,187
Fund balance reported above							\$15,257,359	\$15,907,986
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.							73,667,622	65,585,277
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							347,009	266,022
Assessments not yet due or delinquent							2,568,840	2,788,630
Pledges not yet due							14,387	42,510
Due from other governmental units							10,634	12,980
Land held for resale							-	-
Other receivable not yet due							12,040	133,555
Notes receivable not yet due							300,000	300,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:								
Bonds payable and unamortized bond premium							(26,686,627)	(22,617,600)
Capital lease and loans payable							-	-
Accrued interest payable							(295,869)	(241,417)
Compensated absences payable							(530,174)	(513,331)
Other post employment benefits							(30,642)	(30,563)
An internal service fund is used by management to charge the costs of pension and other post employment benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position.							(4,397,340)	(5,084,946)
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							1,514,250	1,417,507
Deferred outflows of resources							101,953	119,443
Deferred inflows of resources							(259,822)	(163,589)
Net position of governmental activities							\$61,593,620	\$57,922,464

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

Statement 4

For The Year Ended December 31, 2021

With Comparative Totals For The Year Ended December 31, 2020

	101 General Fund	407 Capital Equipment Replacement	413 Airport Capital Fund	482 2021 Infrastructure Bonds	483 Civic Center Capital Improvements	Other Governmental Funds	Totals Governmental Funds	
							2021	2020
Revenues:								
Taxes:								
General property	\$4,963,402	\$177,454	\$ -	\$ -	\$ -	\$2,423,419	\$7,564,275	\$7,332,807
Tax abatements	-	-	-	-	-	44,049	44,049	62,717
Tax increments	-	-	-	-	-	235,552	235,552	228,759
Payments in lieu of taxes (PILOT)	914,886	-	-	-	-	-	914,886	911,762
Licenses and permits	384,777	-	-	-	-	-	384,777	450,688
Intergovernmental	3,049,276	9,091	3,636,309	466,044	-	1,262,755	8,423,475	5,742,470
Special assessments	11,081	-	-	-	-	330,405	341,486	432,474
Charges for services	1,153,571	-	-	-	-	1,065,977	2,219,548	2,067,732
Fines and forfeits	73,726	-	-	-	-	24,611	98,337	92,407
Investment income	43,266	3,284	-	-	-	61,073	107,623	136,466
Contributions and donations	27,377	6,222	-	-	-	68,202	101,801	115,322
Reimbursement from component unit	-	-	-	-	-	10,974	10,974	791,679
Other grants	-	-	-	-	-	-	-	142,000
Other	43,831	18,827	-	-	-	67,530	130,188	14,427
Total revenues	10,665,193	214,878	3,636,309	466,044	0	5,594,547	20,576,971	18,521,710
Expenditures:								
Current:								
General government	2,485,436	5,419	-	-	-	603,495	3,094,350	2,960,690
Public safety	3,888,431	-	-	-	-	132,258	4,020,689	3,847,373
Public works	2,750,168	5,000	1,589	-	-	518,898	3,275,655	2,984,860
Culture and recreation	76,075	-	-	-	-	1,587,630	1,663,705	1,525,058
Miscellaneous	569,299	-	-	-	-	-	569,299	1,214,096
Capital outlay/construction	52,059	425,907	3,668,349	6,460,610	1,081,716	472,280	12,160,921	7,745,469
Debt service:								
Principal retirement	-	-	-	-	-	2,515,000	2,515,000	2,480,000
Interest	-	-	-	-	-	578,766	578,766	613,237
Paying agent fees	-	-	-	-	-	6,600	6,600	6,850
Bond issuance costs	-	-	-	116,617	-	-	116,617	57,920
Total expenditures	9,821,468	436,326	3,669,938	6,577,227	1,081,716	6,414,927	28,001,602	23,435,553
Revenues over (under) expenditures	843,725	(221,448)	(33,629)	(6,111,183)	(1,081,716)	(820,380)	(7,424,631)	(4,913,843)
Other financing sources (uses):								
Bond issuance	-	-	-	6,255,000	-	-	6,255,000	2,275,000
Bond premium	-	-	-	370,304	-	-	370,304	83,520
Sale of capital assets	11,038	40,364	-	-	-	-	51,402	2,345,140
Sale of land held for resale	-	-	-	-	-	-	-	181,765
Insurance recoveries	41,847	-	-	-	-	55,451	97,298	206,288
Transfers in	82,585	280,622	-	-	-	934,705	1,297,912	806,486
Transfers out	(766,356)	(82,585)	-	(86,592)	-	(362,379)	(1,297,912)	(806,486)
Total other financing sources (uses)	(630,886)	238,401	0	6,538,712	0	627,777	6,774,004	5,091,713
Net change in fund balance	212,839	16,953	(33,629)	427,529	(1,081,716)	(192,603)	(650,627)	177,870
Fund balance - January 1	7,341,709	(573,295)	135,789	421,718	(182,142)	8,764,207	15,907,986	15,730,116
Fund balance - December 31	\$7,554,548	(\$556,342)	\$102,160	\$849,247	(\$1,263,858)	\$8,571,604	\$15,257,359	\$15,907,986

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, 2021
With Comparative Amounts For The Year Ended December 31, 2020

Statement 5

	2021	2020
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)	(\$650,627)	\$177,870
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation	(3,759,308)	(3,680,006)
Capital outlay	12,160,921	7,745,469
Capital outlay not capitalized	(283,148)	(1,406,936)
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.	(36,120)	(90,417)
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	80,987	34,702
Change in deferred and delinquent special assessments	(219,850)	(152,939)
Change in pledges receivable	(28,123)	(49,963)
Change in land held for resale	-	(193,844)
Change in other receivable	(121,461)	-
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	(6,255,000)	(2,275,000)
Principal payments on bonds, capital leases and loans payable	2,515,000	2,493,644
Current year bond premium and amortization of bond premium	(329,027)	(47,463)
Change in due from other governmental units accrual related to a federal credit on BAB bonds	(2,346)	(2,264)
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	(16,843)	(98,763)
Change in other post employment benefits	(79)	(987)
Change in accrued interest payable	(54,452)	16,018
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	(16,980)	170,238
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.	687,612	269,271
Change in net position of governmental activities (Statement 2)	<u>\$3,671,156</u>	<u>\$2,908,630</u>

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

CITY OF GRAND RAPIDS, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2021

With Comparative Totals For Enterprise Funds For December 31, 2020

Statement 6

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2021	2020	2021
Assets:					
Current assets:					
Cash and cash equivalents	\$259,467	\$482,380	\$741,847	\$502,222	\$ -
Due from component units	-	112,846	112,846	64,779	-
Accounts receivable	3,887	4,058	7,945	10,158	-
Prepaid items	22,440	-	22,440	8,480	-
Total current assets	285,794	599,284	885,078	585,639	0
Noncurrent assets:					
Capital assets:					
Land and land improvements	871,481	48,205	919,686	910,812	-
Buildings and structures	2,445,317	-	2,445,317	2,380,914	-
Machinery, equipment and furniture	1,018,556	488,036	1,506,592	1,396,788	-
Total capital assets	4,335,354	536,241	4,871,595	4,688,514	0
Less: Allowance for depreciation	(1,817,719)	(297,067)	(2,114,786)	(1,949,913)	-
Net capital assets	2,517,635	239,174	2,756,809	2,738,601	0
Total noncurrent assets	2,517,635	239,174	2,756,809	2,738,601	0
Total assets	2,803,429	838,458	3,641,887	3,324,240	0
Deferred outflows of resources - pension related	-	-	-	-	3,418,746
Liabilities:					
Current liabilities:					
Accounts payable	6,934	16,488	23,422	14,203	-
Accrued wages payable	2,139	3,714	5,853	7,223	-
Due to other governmental units	2,947	493	3,440	648	-
Due to component units	1,899	4,400	6,299	83,209	-
Due to other funds	0	-	-	10,475	-
Accrued interest payable	975	-	975	1,259	-
Deposits payable	-	58,260	58,260	51,000	-
Interfund loan payable	97,114	-	97,114	123,423	-
Compensated absences payable - current	1,654	115	1,769	1,992	-
Capital lease payable - current	-	-	-	29,621	-
Unearned revenue	21,134	-	21,134	14,045	-
Total current liabilities	134,796	83,470	218,266	337,098	0
Noncurrent liabilities:					
Compensated absences payable	-	11,612	11,612	6,535	-
Net pension liability	-	-	-	-	3,235,362
Total noncurrent liabilities	0	11,612	11,612	6,535	3,235,362
Total liabilities	134,796	95,082	229,878	343,633	3,235,362
Deferred inflows of resources - pension related	-	-	-	-	4,616,642
Net position:					
Investment in capital assets	2,517,635	239,174	2,756,809	2,708,980	-
Unrestricted	150,998	504,202	655,200	271,627	(4,433,258)
Total net position	\$2,668,633	\$743,376	\$3,412,009	\$2,980,607	(\$4,433,258)
Net position reported above			\$3,412,009	\$2,980,607	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.			(35,924)	(57,139)	
Net position of business-type activities			\$3,376,085	\$2,923,468	

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Statement 7

For The Year Ended December 31, 2021

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service 2021
			2021	2020	
Operating revenues:					
Season passes	\$192,745	\$ -	\$192,745	\$173,495	\$ -
Green fees	323,794	-	323,794	278,445	-
Special play	14,777	-	14,777	7,579	-
Rentals and leases	245,525	-	245,525	192,217	-
Charges for service	-	873,563	873,563	743,663	574,068
Total operating revenues	<u>776,841</u>	<u>873,563</u>	<u>1,650,404</u>	<u>1,395,399</u>	<u>574,068</u>
Operating expenses:					
Personnel services	285,756	273,253	559,009	568,932	(109,373)
Materials and supplies	75,081	58,582	133,663	88,896	-
Other services and charges	245,607	240,297	485,904	474,851	-
Depreciation	112,513	52,363	164,876	166,826	-
Total operating expenses	<u>718,957</u>	<u>624,495</u>	<u>1,343,452</u>	<u>1,299,505</u>	<u>(109,373)</u>
Operating income (loss)	<u>57,884</u>	<u>249,068</u>	<u>306,952</u>	<u>95,894</u>	<u>683,441</u>
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,781	-	4,781	-	25,386
Investment income	2,292	2,937	5,229	3,644	-
Interest expense	(3,391)	-	(3,391)	(5,081)	-
Insurance recoveries	-	-	-	-	-
Miscellaneous revenue	106	2,325	2,431	4,825	-
Gain (loss) on sale of capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>3,788</u>	<u>5,262</u>	<u>9,050</u>	<u>3,388</u>	<u>25,386</u>
Income before contributions and transfers	<u>61,672</u>	<u>254,330</u>	<u>316,002</u>	<u>99,282</u>	<u>708,827</u>
Capital Contributions	115,400	-	115,400	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total transfers and contributions	<u>115,400</u>	<u>0</u>	<u>115,400</u>	<u>0</u>	<u>0</u>
Change in net position	<u>177,072</u>	<u>254,330</u>	<u>431,402</u>	<u>99,282</u>	<u>708,827</u>
Net position - January 1	<u>2,491,561</u>	<u>489,046</u>	<u>2,980,607</u>	<u>2,881,325</u>	<u>(5,142,085)</u>
Net position - December 31	<u>\$2,668,633</u>	<u>\$743,376</u>	<u>\$3,412,009</u>	<u>\$2,980,607</u>	<u>(\$4,433,258)</u>
Changes in net position reported above			\$431,402	\$99,282	
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.			<u>21,215</u>	<u>10,766</u>	
Change in net position of business-type activities (Statement 2)			<u>\$452,617</u>	<u>\$110,048</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, 2021

With Comparative Totals For The Year Ended December 31, 2020

Statement 8

	Business-Type Activities - Enterprise Funds				Governmental Activities
	613 Pokegama Golf Course	655 Storm Water Utility	Totals		Internal Service
			2021	2020	2021
Cash flows from operating activities:					
Receipts from customers and users	\$782,115	\$831,955	\$1,614,070	\$1,402,130	\$ -
Receipts from interfund charges for pension benefits	-	-	-	-	574,068
Payment to suppliers	(344,536)	(357,105)	(701,641)	(458,647)	(574,068)
Payment to employees	(283,288)	(272,237)	(555,525)	(578,212)	-
Net cash flows provided by operating activities	154,291	202,613	356,904	365,271	0
Cash flows from noncapital financing activities:					
Interfund borrowing cash payments	(26,310)	-	(26,310)	(26,379)	-
Interest on interfund borrowing	(3,674)	-	(3,674)	(4,719)	-
Intergovernmental revenue	4,781	-	4,781	-	-
Net cash flows provided by (used in) noncapital financing activities	(25,203)	0	(25,203)	(31,098)	0
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(174,207)	(8,877)	(183,084)	(17,166)	-
Contributions received	115,400	-	115,400	-	-
Principal payment on capital lease	(29,621)	-	(29,621)	(28,508)	-
Net cash flows (used in) capital and related financing activities	(88,428)	(8,877)	(97,305)	(45,674)	0
Cash flows from investing activities:					
Investment income	2,292	2,937	5,229	3,644	-
Net increase in cash and cash equivalents	42,952	196,673	239,625	292,143	0
Cash and cash equivalents - January 1	216,515	285,707	502,222	210,079	-
Cash and cash equivalents - December 31	\$259,467	\$482,380	\$741,847	\$502,222	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$57,884	\$249,068	\$306,952	\$95,894	\$683,441
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	112,513	52,363	164,876	166,826	-
Miscellaneous revenue	106	2,325	2,431	4,825	-
Intergovernmental revenue	-	-	-	-	25,386
Changes in assets and liabilities:					
Decrease (increase) in receivables	(1,921)	(43,933)	(45,854)	(5,377)	-
Decrease (increase) in prepaid items	(15,489)	1,529	(13,960)	(493)	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	(2,252,586)
Increase (decrease) in unearned revenue	7,089	-	7,089	7,283	-
Increase (decrease) in payables	(5,891)	(58,739)	(64,630)	96,313	(1,639,568)
Increase (decrease) in deferred inflows of resources	-	-	-	-	3,183,327
Total adjustments	96,407	(46,455)	49,952	269,377	(683,441)
Net cash provided by operating activities	\$154,291	\$202,613	\$356,904	\$365,271	\$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, 2021
With Comparative Totals For December 31, 2020

Statement 9

	2021	2020
Assets:		
Cash and investments	\$95,786	\$90,727
Prepaid items	580	-
Total assets	<u>96,366</u>	<u>90,727</u>
Liabilities:		
Accounts payable	96,366	90,727
Total liabilities	<u>96,366</u>	<u>90,727</u>
Net position:		
Restricted	<u>\$0</u>	<u>\$0</u>

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

CITY OF GRAND RAPIDS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 10

	2021	2020
Additions:		
Lodging tax collections	\$356,555	\$252,385
Cable franchise fee collections	259,158	314,553
Total additions	<u>615,713</u>	<u>566,938</u>
Deductions:		
Payments to other entities	589,062	546,532
Administrative fees	26,651	20,406
Total deductions	<u>615,713</u>	<u>566,938</u>
Net increase (decrease) in fiduciary net position	-	-
Net position - beginning	<u>-</u>	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grand Rapids, Minnesota (the City) was incorporated in 1891 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five member City council elected by voters of the City.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. Generally, component units are legally separate organizations for which the officials of the primary government are financially accountable.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Discretely Presented Component Units. The component unit's columns in the combined financial statements include the financial data of the Economic Development Authority (EDA) and the Public Utilities Commission (PUC) of Grand Rapids. These component units are presented in separate columns to emphasize that they are legally separate from the City.

The EDA's governing board is appointed by the City Council. The primary government is able to impose its will because the City Council has the ability to approve or modify the EDA's budget and to veto or overrule other decisions of the EDA's governing body. The EDA is responsible for advancing the expansion of the local economy through efforts focused on business assistance, recruitment, retention and expansion. Funding for the various programs administered by the EDA is provided through imposed tax levies and state funding sources. The EDA does not issue separate financial statements.

The PUC's governing board is appointed by the City Council. The City guarantees the general obligation debt of the PUC. Separate financial statements for the PUC may be obtained by contacting the City of Grand Rapids, Minnesota.

JOINT POWERS AGREEMENT – GRAND RAPIDS/ITASCA COUNTY AIRPORT

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The *Airport Capital Fund* accounts for the capital activity of the Grand Rapids/Itasca County Airport.

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

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 do not involve measurement of results of operation.

Internal Service Fund - the pension benefit fund is used to provide pension benefits to other funds of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General and Special Revenue Funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. These budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a fund basis.
4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Management can amend budgets within each department.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total department level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel; material and supplies; other services and charges; capital outlay) within each activity.
9. The City Council may authorize transfer of budgeted amounts between City funds.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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The following is a listing of Funds whose expenditures exceeded budgeted appropriations:

	Final Budget	Actual	Amount Over Budget
Major Funds:			
General fund	\$ 9,348,650	\$ 9,821,468	\$ 472,818
Nonmajor Funds:			
IRA Civic Center	601,753	614,736	12,983
Haz-Mat	60,000	65,057	5,057
Airport	231,740	248,103	16,363
Cemetery	249,612	341,635	92,023

The expenditures exceeding budget were funded by available fund balance, interfund loan or other funding sources.

E. CASH AND INVESTMENTS

Cash and investment balances of the primary government and the EDA (a component unit) are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Cash and investments of the Public Utilities Commission component unit are maintained and invested separately.

Investments are stated at fair value, based upon quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows of the Proprietary Fund type, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the pooled cash and investments allocated to the primary government's Proprietary Fund types are considered to be cash and cash equivalents.

The PUC component unit does not consider restricted cash and investments to be cash equivalents.

F. INVESTMENT INCOME

Investment income consists of interest and dividends received and the change in fair value of investments. The change in fair value consists of realized and unrealized gains and amortization of premiums and discounts.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

CITY OF GRAND RAPIDS, MINNESOTA
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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

I. INVENTORIES

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

J. PREPAID ITEMS

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

K. LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or market. Due to the nature of redevelopment activities, cost is frequently higher than the market value. Market values are determined using appraised values or estimated actual sales price.

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost meeting the following thresholds:

Assets	Governmental Funds	Proprietary Funds
Land and land improvements	\$10,000	\$5,000
Buildings and structures	25,000	5,000
Vehicles, equipment and furniture	5,000	2,500
Infrastructure	100,000	5,000

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

CITY OF GRAND RAPIDS, MINNESOTA
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In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

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

M. INTERFUND TRANSACTIONS AND BALANCES

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

Short-term receivables and payables between funds are classified as “due from other funds” or “due to other funds” on the balance sheet. Such items, which are expected to be eliminated in 2022, represent temporary balances due to interfund billings or reclassifications of funds with internally reported negative cash balances.

Long-term interfund loans are classified as “interfund loan receivable” or “interfund loan payable” on the balance sheet. Interfund loan receivables are offset by nonspendable fund balance in the applicable governmental fund to indicate the related fund balance amount is not in a spendable form and is not available for appropriation.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Uncollectible amounts are not material for interfund receivables and have not been reported.

N. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused flexible time off (FTO) and extended medical benefit (EMB). All FTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid EMB since accumulated balances are not paid when employees separate from service with the City.

O. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are being amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
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Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned, except for the revenue stabilization commitment which is to be used only in certain circumstances as described in Note 15C.

Q. TRANSACTIONS BETWEEN THE CITY AND ITS COMPONENT UNITS

The City conducts routine transactions with its component units for goods or services provided or received. The PUC reimburses the City for its share of construction costs incurred by the City.

Significant transactions between the City and its component units during 2021 are described in Notes 19 and 20.

R. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

S. UTILITY REVENUE RECOGNITION

Billings are rendered and recorded monthly based on metered usage.

T. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

U. COMPARATIVE TOTALS

The basic fund financial statements and combining and individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

V. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 pension and other post employment benefits related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, due from component units, land held for resale, and notes receivable.

W. PENSION PLANS

COST SHARING MULTIPLE – EMPLOYER PLANS

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

SINGLE EMPLOYER PLAN

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

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

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

At December 31, 2021 the carrying amount of the City's deposits with financial institutions was \$9,770,709.

Custodial credit risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2021, the bank balance of the City's deposits was \$9,988,575 all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

B. INVESTMENTS

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

As of December 31, 2021, 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	\$7,335,000	\$1,205,000	\$4,095,000	\$2,035,000
Money Market Mutual Fund	AAAm	8,258	8,258	-	-
Total		<u>\$7,343,258</u>	<u>\$1,213,258</u>	<u>\$4,095,000</u>	<u>\$2,035,000</u>
			Total investments		
			\$7,343,258		
			Deposits		
			9,770,709		
			Petty cash		
			1,040		
			Total cash and investments		
			<u>\$17,115,007</u>		

CITY OF GRAND RAPIDS, MINNESOTA
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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Level 2 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, 2021:

Investment Type	12/31/2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered CD's	\$7,335,000	\$ -	\$7,335,000	\$ -
Other	8,258	-	8,258	-
Total	<u>\$7,343,258</u>	<u>\$ -</u>	<u>\$7,343,258</u>	<u>\$ -</u>

Following is a reconciliation of the City's cash and investment balances as of December 31, 2021:

Cash and investments - primary government:	
Governmental and business-type (Statement 1)	\$16,135,078
Fiduciary (Statement 9)	95,786
Cash and investments - EDA (Statement 1)	<u>884,143</u>
	<u>\$17,115,007</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

CITY OF GRAND RAPIDS, MINNESOTA
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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, 2021 for the Public Utilities Commission are as follows:

Demand deposits and cash on hand	\$5,609,964
U.S. Agencies	1,070,000
Certificates of deposits - negotiable	982,000
Total cash and investments	7,661,964
Less restricted amounts	(3,972,818)
Total cash and investments - unrestricted	<u>\$3,689,146</u>

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2021 are as follows:

	Primary Government				EDA
	Major Funds			Total	
	General	Storm Water Utility	Nonmajor Funds	Total	
Special assessments receivable	\$51,719	\$768	\$1,224,758	\$1,277,245	\$ -
Property taxes receivable	119,919	-	15,579	135,498	-
Interfund loan receivable	1,219,669	-	-	1,219,669	-
Pledges Receivable	-	-	14,837	14,837	-
Notes receivable	300,000	-	-	300,000	1,022,320
	<u>\$1,691,307</u>	<u>\$768</u>	<u>\$1,255,174</u>	<u>\$2,947,249</u>	<u>\$1,022,320</u>

PLEDGES RECEIVABLE

The City completed construction on a multi-use pavilion addition to the IRA Civic Arena in 2018. A portion of the funding was a capital drive, which began in 2016. As shown above, as of December 31, 2021, outstanding pledges receivable were \$14,837.

NOTES RECEIVABLE

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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	\$307,111	\$62,272	\$ -	\$300,000	\$ -	\$669,383
Nonmajor Funds	39,898	2,536,568	-	-	26,421	2,602,887
Total primary government	<u>347,009</u>	<u>2,598,840</u>	<u>0</u>	<u>300,000</u>	<u>26,421</u>	<u>3,272,270</u>
EDA (discretely presented component unit)	-	-	3,401,507	1,055,417	-	4,456,924
Total unavailable revenue	<u>\$347,009</u>	<u>\$2,598,840</u>	<u>\$3,401,507</u>	<u>\$1,355,417</u>	<u>\$26,421</u>	<u>\$7,729,194</u>

Note 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City has approved four interfund loans. One loan was made to the Pokegama Golf Course for the Pokegama Golf and Park Place Project and the Pokegama Golf Course Irrigation Control Project. Loans were also made to the IRA Civic Center Fund and the Capital Equipment Replacement Fund as financing to those funds for capital expenditures. A summary at December 31, 2021 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major funds:		
General Fund	\$1,479,969	\$ -
Capital Equipment Replacement	-	1,330,781
Pokegama Golf Course	-	97,114
Nonmajor funds:		
Special revenue funds:		
IRA Civic Center	-	52,074
Total	<u>\$1,479,969</u>	<u>\$1,479,969</u>

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Amounts reported as due to/from other funds at December 31, 2021 are as follows:

	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$1,621,952	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
Haz-Mat	-	10,805
Public Library	-	1,664
Central School	-	4,500
Capital Project Funds:		
Airport Capital Fund	-	224,853
IRA Civic Center Projects	-	36,973
GR/Cohasset Industrial Park	-	79,299
2022 Infrastructure Bonds	-	1,263,858
Total	<u>\$1,621,952</u>	<u>\$1,621,952</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, 2021 are as follows:

	Transfers In			
	General Fund	Capital Equipment Replacement Fund	Nonmajor Governmental Funds	Total
Transfers out:				
General Fund	\$ -	\$280,622	\$485,734	\$766,356
Capital Equipment Replacement Fund	82,585	-	-	82,585
2021 Infrastructure Bonds	-	-	86,592	86,592
Nonmajor Governmental Funds	-	-	362,379	362,379
Total	<u>\$82,585</u>	<u>\$280,622</u>	<u>\$934,705</u>	<u>\$1,297,912</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 2021, the City made transfers from the General Fund to Special Revenue Funds (\$108,494) to provide ongoing support, to the Improvement Refunding Bonds of 2013B Debt Service Fund (\$150,000) as part of its debt financing plan, and to Capital Project Funds (\$280,622) for capital purposes. Transfers were also made to allocate funds for capital purposes (\$236,252) and debt service purposes (82,425).

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$7,080,791	\$14,505	\$ -	\$7,095,296
Artwork	19,800	-	-	19,800
Construction in progress	8,462,187	11,159,393	(6,558,195)	13,063,385
Total capital assets, not being depreciated	15,562,778	11,173,898	(6,558,195)	20,178,481
Capital assets, being depreciated:				
Buildings and improvements	28,769,039	1,493,587	(38,749)	30,223,877
Vehicles, equipment and furniture	13,176,905	835,881	(483,609)	13,529,177
Infrastructure	75,497,381	4,932,602	(75,705)	80,354,278
Total capital assets, being depreciated	117,443,325	7,262,070	(598,063)	124,107,332
Less accumulated depreciation for:				
Buildings and improvements	19,000,779	649,275	(25,564)	19,624,490
Vehicles, equipment and furniture	8,557,024	743,145	(476,448)	8,823,721
Infrastructure	39,863,023	2,366,888	(59,931)	42,169,980
Total accumulated depreciation	67,420,826	3,759,308	(561,943)	70,618,191
Total capital assets being depreciated - net	50,022,499	3,502,762	(36,120)	53,489,141
Governmental activities capital assets - net	\$65,585,277	\$14,676,660	(\$6,594,315)	\$73,667,622
Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$910,812	\$8,874	\$ -	\$919,686
Total capital assets, not being depreciated	910,812	8,874	0	919,686
Capital assets, being depreciated:				
Buildings and improvements	2,380,914	64,403	-	2,445,317
Machinery, equipment and furniture	1,396,788	109,807	-	1,506,595
Total capital assets, being depreciated	3,777,702	174,210	0	3,951,912
Less accumulated depreciation for:				
Buildings and improvements	1,019,212	65,773	-	1,084,985
Machinery, equipment and furniture	930,701	99,103	-	1,029,804
Total accumulated depreciation	1,949,913	164,876	0	2,114,789
Total capital assets being depreciated - net	1,827,789	9,334	0	1,837,123
Business-type activities capital assets - net	\$2,738,601	\$18,208	\$0	\$2,756,809

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Governmental activities:	
General government	\$157,491
Public safety	273,584
Public works, including depreciation of general infrastructure assets	3,007,705
Culture and recreation	320,528
Total depreciation expense - governmental activities	<u>\$3,759,308</u>
Business-type activities:	
Golf course	\$112,513
Storm water utility	52,363
Total depreciation expense - business-type activities	<u>\$164,876</u>

Note 7 LONG-TERM DEBT

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

As of December 31, 2021, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/2021
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	\$615,000
G.O. Improvement Bonds:					
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022	1,150,000	75,000
Improvement Bonds of 2009C	1.85 - 4.30	9/1/2009	2/1/2025	4,565,000	1,405,000
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026	1,115,000	310,000
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027	1,555,000	440,000
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028	2,245,000	1,110,000
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027	4,175,000	1,785,000
Improvement Bonds of 2013A	0.30 - 1.35	5/8/2013	2/1/2021	1,525,000	-
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030	3,000,000	1,630,000
Improvement Refunding Bonds of 2017B	2.30 - 3.00	12/28/2017	2/1/2034	2,215,000	895,000
Improvement Bonds of 2021B	2.00 - 2.75	7/1/2021	2/1/2042	6,255,000	6,255,000
Total G.O. Improvement Bonds				<u>27,800,000</u>	<u>13,905,000</u>
Other General Obligation Bonds:					
Street Reconstruction Bonds of 2013B	3.00 - 3.50	9/1/2013	2/1/2029	4,025,000	2,360,000
Street Reconstruction Bonds of 2016A	0.85 - 2.20	10/5/2016	2/1/2032	2,170,000	1,660,000
Street Reconstruction Bonds of 2017A	3.00 - 3.50	9/7/2017	2/1/2033	2,130,000	1,795,000
Street Reconstruction Bonds of 2018A	3.00 - 3.25	10/18/2018	2/1/2034	1,960,000	1,755,000
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036	2,275,000	2,275,000
G.O. Abatement Bonds of 2019A	2.00 - 3.00	9/5/2019	2/1/2035	1,585,000	1,515,000
Total other general obligation bonds				<u>14,145,000</u>	<u>11,360,000</u>
Total bonded debt - governmental activities				<u>42,650,000</u>	<u>25,880,000</u>
Bond premium				590,533	806,627
Compensated absences				513,331	530,174
Total governmental activities				<u>\$43,753,864</u>	<u>\$27,216,801</u>
<u>Business-Type Activities:</u>					
Compensated absences				\$8,527	\$13,381
Capital lease payable	3.84	7/20/2017	7/19/2021	142,747	-
Total business-type activities				<u>\$151,274</u>	<u>\$13,381</u>
<u>Component Units:</u>					
EDA:					
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035	\$350,000	\$245,000
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	73,630
Note payable - IRRRB	1.00	12/2/2016	8/1/2036	293,000	268,091
Note payable - IEDC	1.00	11/15/2016	11/1/2026	90,000	46,085
Note payable - EWCL	0.00	4/1/2020	10/1/2026	650,000	510,359
Note payable - Blandin	0.00	1/29/2021	1/29/2026	140,000	140,000
Special assessment payable				679,180	657,883
Total EDA				<u>2,477,180</u>	<u>2,041,048</u>
Public Utilities:					
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029	26,370,232	12,419,000
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033	2,025,000	1,270,000
G.O. Utility Revenue Bonds of 2013C	2.00 - 4.50	7/15/2013	2/1/2029	2,305,000	305,000
G.O. Refunding Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025	872,000	775,500
G.O. Refunding Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029	1,210,000	1,210,000
G.O. Refunding Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033	1,120,000	1,120,000
Total public utilities				<u>33,902,232</u>	<u>17,099,500</u>
Total component units				<u>\$36,379,412</u>	<u>\$19,140,548</u>

CITY OF GRAND RAPIDS, MINNESOTA
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December 31, 2021

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
2022	\$35,000	\$17,050	\$1,610,000	\$367,140	\$850,000	\$286,503
2023	40,000	15,925	1,665,000	305,436	885,000	263,153
2024	35,000	14,800	1,565,000	254,672	910,000	239,002
2025	40,000	13,815	1,435,000	205,138	935,000	214,152
2026	40,000	12,895	1,020,000	166,823	975,000	188,027
2027	45,000	11,918	990,000	138,778	980,000	160,896
2028	45,000	10,725	610,000	116,173	1,020,000	132,602
2029	50,000	9,300	450,000	101,171	1,050,000	103,312
2030	55,000	7,725	465,000	88,421	730,000	79,708
2031	50,000	6,150	305,000	78,850	745,000	61,831
2032	55,000	4,575	310,000	72,700	765,000	43,564
2033	60,000	2,850	320,000	66,400	610,000	26,258
2034	65,000	975	325,000	59,950	445,000	13,185
2035	-	-	330,000	53,400	290,000	5,374
2036	-	-	335,000	46,750	170,000	1,360
2037	-	-	345,000	39,950	-	-
2038	-	-	350,000	33,000	-	-
2039	-	-	360,000	25,900	-	-
2040	-	-	365,000	18,650	-	-
2041	-	-	370,000	11,300	-	-
2042	-	-	380,000	3,800	-	-
Total	<u>\$615,000</u>	<u>\$128,703</u>	<u>\$13,905,000</u>	<u>\$2,254,402</u>	<u>\$11,360,000</u>	<u>\$1,818,927</u>

Year Ending December 31,	Revenue Bonds and Notes	
	PUC Component Unit	
	Principal	Interest
2022	\$1,859,000	\$478,326
2023	2,025,500	440,191
2024	2,073,000	342,781
2025	2,118,000	293,206
2026	1,986,000	241,652
2027-2031	6,628,000	428,613
2032-2033	410,000	10,903
Total	<u>\$17,099,500</u>	<u>\$2,235,672</u>

CITY OF GRAND RAPIDS, MINNESOTA
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December 31, 2021

Year Ending December 31,	Revenue Bonds and Notes EDA Component Unit	
	Principal	Interest
2022	\$43,193	\$3,100
2023	305,983	2,842
2024	17,500	2,583
2025	91,130	2,321
2026-2030	837,859	8,147
2031-2035	87,500	3,676
Total	<u>\$1,383,165</u>	<u>\$22,669</u>

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable:					
G.O. Tax increment bonds	\$650,000	\$ -	(\$35,000)	\$615,000	\$35,000
G.O. Improvement bonds	9,425,000	6,255,000	(1,775,000)	13,905,000	1,610,000
Other G.O. bonds	12,065,000	-	(705,000)	11,360,000	850,000
Bond premium	477,600	370,304	(41,277)	806,627	-
Compensated absences	513,331	83,513	(66,670)	530,174	47,071
Total governmental activities	<u>\$23,130,931</u>	<u>\$6,708,817</u>	<u>(\$2,622,947)</u>	<u>\$27,216,801</u>	<u>\$2,542,071</u>
<u>Business Type Activities:</u>					
Capital lease payable	\$29,621	\$ -	(\$29,621)	\$ -	\$ -
Compensated absences	8,527	5,286	(432)	13,381	1,769
Total business-type activities	<u>\$38,148</u>	<u>\$5,286</u>	<u>(\$30,053)</u>	<u>\$13,381</u>	<u>\$1,769</u>
<u>Component Units:</u>					
Note payables - EDA	\$1,453,655	\$140,000	(\$210,490)	\$1,383,165	\$43,193
Assessment payable - EDA	679,180	-	(21,297)	657,883	-
Direct Placement - PUC	-	3,202,000	(96,500)	3,105,500	207,000
G.O. Revenue bonds and notes - PUC	17,201,000	-	(3,207,000)	13,994,000	1,652,000
Equipment lease payable - PUC	964,292	-	(964,292)	-	-
Unamortized premiums and discounts - PUC	201	91,304	(4,818)	86,687	-
Compensated absences - PUC	342,952	263,548	(290,270)	316,230	219,594
Total component units	<u>\$20,641,280</u>	<u>\$3,696,852</u>	<u>(\$4,794,667)</u>	<u>\$19,543,465</u>	<u>\$2,121,787</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

CAPITAL LEASE PAYABLE

During 2017, the City entered into an equipment lease with TCF Equipment Finance relating to the use of equipment for the golf course. This agreement qualifies as a capital lease with an interest rate of 3.84%. The cost of the assets acquired through the lease was \$142,747 and accumulated depreciation on these assets at December 31, 2021 is \$76,057. Depreciation in the amount of \$16,829 has been recorded as depreciation expense during 2021.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

TAXABLE NOTE PAYABLES - EDA

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

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

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

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

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

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

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

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%.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, the outstanding balance on the note was \$12,419,000.

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

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement, 2007B	Street reconstruction	MSA allotments	100%	2007-2022	\$76,538	\$79,613	\$79,613
G.O. Improvement, 2009C (Build America Bond)	Infrastructure improvements	Special assessments Federal BAB credit Ad Valorem Taxes	24% 10% 66%	2010-2024	\$1,554,537	\$405,964	\$338,250
G.O. Improvement, 2010A	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	34% 66%	2012-2026	\$337,886	\$71,575	\$61,009
G.O. Improvement, 2011B	Infrastructure improvements, refund existing debt	Special assessments Ad Valorem Taxes	56% 46%	2012-2026	\$481,254	\$83,660	\$55,340
G.O. Improvement, 2012A	Infrastructure improvements	Special assessments Ad Valorem Taxes	32% 68%	2013-2027	\$1,235,723	\$179,100	\$106,650
G.O. Improvement, 2012B	Street reconstruction	MSA allotments	100%	2013-2027	\$1,915,693	\$322,908	\$322,908
G.O. Improvement, 2013A	Refunded 2004A and 2005A Bonds	Special assessments Ad Valorem Taxes	41% 59%	2014-2021	\$ -	\$176,181	\$ -
G.O. Street Reconstruction, 2013B	Street reconstruction	Ad Valorem Taxes	100%	2014-2029	\$2,686,631	\$339,488	\$124,179
G.O. Improvement, 2014A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	20% 80%	2014-2029	\$1,811,235	\$245,770	\$236,692
G.O. Street Reconstruction, 2016A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	80% 20%	2016-2032	\$1,855,900	\$170,210	\$174,769
G.O. Street Reconstruction, 2017A	Street reconstruction, abatement, CIP Projects, and equipment	Special assessments Ad Valorem Taxes	13% 87%	2018-2033	\$2,167,112	\$183,800	\$190,294
G.O. Refunding, 2017B	Refund of 2006A, 2007A, 2008A, 2008B and 2008C bonds	Special assessments Tax Increment Ad Valorem Taxes	11% 28% 61%	2018-2034	\$1,670,878	\$526,550	\$264,385
G.O. Improvement, 2018A	Street reconstruction, abatement, CIP Projects, and equipment	Ad Valorem Taxes Special assessments	81% 19%	2018-2033	\$2,128,619	\$170,513	\$156,482
G.O. Improvement, 2019A	Abatement Bond	Ad Valorem Taxes Taxabatement	92% 8%	2019-2035	\$1,773,915	\$108,980	\$100,462
G.O. Street Reconstruction, 2020A	CIP Projects, and equipment	Special assessments Ad Valorem Taxes	92% 8%	2020-2036	\$2,566,749	\$29,454	\$162,700
G.O. Improvement, 2021B	CIP projects, Abatement Bond	Ad Valorem Taxes Taxabatement	80% 20%	2022-2042	\$7,819,362	\$ -	\$ -

Note 8 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. BENEFITS PROVIDED

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

1. GERF Benefits

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

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

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

2. PEPFF Benefits

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

Benefit increases are provided to benefit recipients each January. 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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2021 were \$292,388. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70%. The City's contributions to the PEPFF for the year ended December 31, 2021 were \$281,680. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2021, the City reported a liability of \$2,233,444 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$68,208. The net pension liability was measured as of June 30, 2021, 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 proportion 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, 2020 through June 30,

CITY OF GRAND RAPIDS, MINNESOTA
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2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0523% at the end of the measurement period and 0.0524% for the beginning of the period.

City's proportionate share of the net pension liability	\$2,233,444
State of Minnesota's proportionate share of the net	
pension liability associated with the City	68,208
Total	<u>\$2,301,652</u>

For the year ended December 31, 2021, the City recognized pension expense of \$11,810 for its proportionate share of the GERP's pension expense. In addition, the City recognized an additional \$5,503 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERP.

At December 31, 2021, the City reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$13,708	\$68,350
Changes in actuarial assumptions	1,363,695	49,390
Net collective between projected and actual investment earnings	-	1,934,726
Changes in proportion	41,300	26,015
Contributions paid to PERA subsequent to the measurement date	159,996	-
Total	<u>\$1,578,699</u>	<u>\$2,078,481</u>

The \$159,996 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$99,147)
2023	(14,276)
2024	(18,781)
2025	(527,574)
2026	-
Thereafter	-

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2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$1,001,918 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1298% at the end of the measurement period and 0.1315% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2021. 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 direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City recognized pension expense of \$8,201 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional (\$134,887) 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 also recognized \$11,682 for the year ended December 31, 2021 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.

CITY OF GRAND RAPIDS, MINNESOTA
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At December 31, 2021, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$191,861	\$ -
Changes in actuarial assumptions	1,472,558	528,854
Net collective between projected and actual investment earnings	-	1,912,724
Changes in proportion	19,098	96,583
Contributions paid to PERA subsequent to the measurement date	156,529	-
Total	<u>\$1,840,046</u>	<u>\$2,538,161</u>

The \$156,529 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

Year Ended December 31,	Pension Expense
2022	(\$681,907)
2023	(147,446)
2024	(132,650)
2025	(211,938)
2026	319,297
Thereafter	-

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

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

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Salary growth assumptions in the GERP range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. 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 GERP 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. Cost of living benefit increases after retirement are assumed to be 1.25% per year for GERP and 1.0% per year for PEPFF.

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

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.

Police and Fire Fund

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%.

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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 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the GERF net pension liability	\$4,555,086	\$2,233,444	\$328,395
City's proportionate share of the PEPFF net pension liability	\$3,180,922	\$1,001,918	(\$784,324)

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2021 is as follows:

GERF	\$11,810
PEPFF	(134,887)
Fire Relief (note 10)	21,980
	<hr/>
Total	(\$101,097)
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Note 9 DEFINED CONTRIBUTION PLAN

Four council members of the City of Grand Rapids are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2021 were:

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

Note 10 SINGLE EMPLOYER PLAN

A. PLAN DESCRIPTION

All members of the Grand Rapids Fire Department are covered by a defined benefit plan administered by the Grand Rapids Fire Department Relief Association (Relief Association). The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 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 market value of the member's separate investment vehicle.

Disability Benefits

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

Survivor Benefits

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

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

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

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

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

CITY OF GRAND RAPIDS, MINNESOTA
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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, 2021, the following employees were covered by the benefit terms:

Retired members entitled to benefits, but have not received them	10
Current members:	
Fully vested (20 years or more)	1
Partially vested (10 years to 19 years)	12
Nonvested (less than 10 years)	18
	<hr/>
Total	41
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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, 2021, were \$5,000. State aid contributions for the year ended December 31, 2021, were \$143,391.

E. NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021.

F. ACTUARIAL ASSUMPTIONS

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

G. DISCOUNT RATES

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

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plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at January 1, 2021	\$1,746,806	\$3,164,313	(\$1,417,507)
Changes for the year:			
Service cost	79,740	-	79,740
Interest	91,327	-	91,327
Assumption changes	-	-	-
Plan changes	215,447	-	215,447
Contributions - employer	-	5,000	(5,000)
On behalf contributions - State of MN	-	143,391	(143,391)
Contributions - employee	-	-	-
Net investment income	-	161,612	(161,612)
Benefit payments	-	-	-
Administrative expense	-	(12,532)	12,532
Gain or loss	-	185,786	(185,786)
Net changes	386,514	483,257	(96,743)
Balance at December 31, 2021	\$2,133,320	\$3,647,570	(\$1,514,250)

I. PENSION LIABILITY (ASSET) SENSITIVITY

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

	1% Decrease in Discount Rate (4.00%)	Discount Rate (5.00%)	1% Increase in Discount (6.00%)
Net pension liability (asset)	(\$1,428,018)	(\$1,514,250)	(\$1,596,278)

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.

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

For the year ended December 31, 2021, the City recognized pension expense of (\$21,980). The City also recognized \$143,391 for the year ended December 31, 2021, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual economic investment earnings	\$ -	\$240,188
Liability gains	51,867	18,006
Assumption changes	50,086	1,628
Total	<u>\$101,953</u>	<u>\$259,822</u>

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

Year Ended December 31,	Expense Amount
2022	(\$35,767)
2023	(91,913)
2024	(37,657)
2025	(22,098)
2026	15,057
Thereafter	14,509

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

A. PLAN DESCRIPTION

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

B. BENEFITS PROVIDED

Clerical and Public Works Employees

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

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

Police and Sergeants

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

Exempt and Library Employees

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

C. PARTICIPANTS

At December 31, 2021, the following employees were covered by the benefit terms:

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

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D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$19,792 was measured as of January 1, 2021, and was determined by an actuarial valuation dated January 1, 2021. Changes in the total OPEB liability during 2021 were:

Balance - beginning of year	\$21,193
Changes for the year:	
Service cost	1,966
Interest cost	672
Plan changes	-
Differences between expected and actual experience	(3,354)
Changes in assumptions	(685)
Benefit payments	-
Net changes	(1,401)
Balance - end of year	<u>\$19,792</u>

There were no plan changes since the measurement date of January 1, 2021.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

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

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

Mortality rates were based on the RP-2014 White Collar Mortality tables with MP-2018 generational improvements scale (Blue Collar tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2021 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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

- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale
- The retirement and withdrawal tables for police and fire employees were updated.
- The inflation rate changed from 2.50% to 2.00%

CITY OF GRAND RAPIDS, MINNESOTA
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- The salary increases were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 2.90% to 2.00%.
- These changes increased the liability \$685.

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

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

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	\$21,440	\$19,792	\$18,231

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

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$19,792	\$19,792	\$19,792

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

For the year ended December 31, 2021, the City recognized \$79 of OPEB expense. At December 31, 2021 the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$10,117
Changes in assumptions	1,071	1,804
Total	\$1,071	\$11,921

CITY OF GRAND RAPIDS, MINNESOTA
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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized on OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2022	(\$2,559)
2023	(2,561)
2024	(2,626)
2025	(2,618)
2026	(486)

Note 12 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT

A. TAX INCREMENT DISTRICTS

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

B. TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

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

TIF District #1-6, Old Hospital:

Issued in 2008 (2008B) in the principal sum of \$307,500 with an interest rate of 7.75 % per annum. Principal and interest shall be paid on August 1, 2010 and each February 1 and August 1 thereafter to and including February 1, 2032. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2032. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2032. The current year abatement (TIF note payments) amounted to \$28,152. At December 31, 2021, the principal amount outstanding on the note was \$307,500.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

TIF District #1-7, Block 37:

Issued in 2008 (2008A) in the principal sum of \$389,300 with an interest rate of 7.25% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2035. The current year abatement (TIF note payments) amounted to \$15,538. At December 31, 2021, the principal amount outstanding on the note was \$389,300.

TIF District #1-8, Lakewood Heights:

Issued in 2013 (2013A) in the principal sum of \$350,000 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2035. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. Principal and interest payments will be completed February 1, 2039. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2039. The current year abatement (TIF note payments) amounted to \$31,896. At December 31, 2021, the principal amount outstanding on the note was \$220,933.

TIF District #1-10, River Hills Apartments:

Issued in 2017 (2016A) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2017 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2033. The current year abatement (TIF note payments) amounted to \$27,420. At December 31, 2021, the principal amount outstanding on the note was \$225,389.

Issued in 2018 (2017B) in the principal sum of \$300,000 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2018 and each February 1 and August 1 thereafter to and including February 1, 2034. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. Principal and interest payments will be completed February 1, 2034. The abatements for 2018 and 2020 (TIF note payments) amounted to \$28,739. At December 31, 2021, the principal amount outstanding on the note was \$241,730.

TIF District #1-13, Unique Opportunities Apartments:

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

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 \$44,049. At December 31, 2021, the principal amount outstanding on the note was \$96,806.

C. ARBITRAGE

The City issued greater than \$5 million of bonds in the years 2006, 2007, 2011, and 2013 and, therefore; is required to rebate excess investment income relating to these issues to the federal government. The City calculates arbitrage rebate every five years as permitted by arbitrage regulations. The extent of the City's liability for arbitrage rebates for bond issues not currently requiring five year rebate calculations is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

Note 13 CONTINGENCIES

A. LITIGATION

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

B. FEDERAL AND STATE FUNDS

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

C. TAX INCREMENT DISTRICTS

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

D. FORGIVABLE LOAN

Unrecorded loan – deferred loan agreement of \$300,000 issued on November 9, 2017 between the EDA and Grand Itasca Clinic and Hospital is only required to be repaid if the borrower defaults on the terms of the loan, which includes sale of the property. If default should occur, the entire remaining unforgiven principal and accrued interest is immediately due and payable. If no events of default occur, and if the borrower does not sell the property within five years of the closing date, no payments shall be payable on the note and the principal balance of the loan shall be forgiven. The loan bears interest at 0%. The entire balance of this deferred loan totaling \$300,000 at December 31, 2021, has not been recorded as receivable, since management has determined that it is highly unlikely the borrower will default on the loan.

Note 14 OTHER DEFERRED DEBITS AND CREDITS

During 1997-1998, 2006-2007, 2009-2010 and 2011-2012, the GFPUC constructed landfill sites to dispose of industrial waste from Blandin Paper. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. The entire cost of the 1997 and a portion of 2007 site was reimbursed by Blandin Paper and is recorded as a deferred credit. The 1997 and 2007 site was reimbursed by Blandin Paper and is recorded as a deferred credit. These deferred credits are amortized as revenue over the life of the landfill. The 2006A bonds were issued to fund the remaining portion of the 2007 landfill project. The 2009A bonds were issued to fund the 2009 landfill project and a portion of the 2011A bonds were issued for the 2011 project. Blandin Paper pays a demand charge in amounts sufficient to pay principal and interest on these bonds. For rate making purposes, the Commission has elected to defer the demand charge revenue until the debt service is paid.

On the statement of net position, the Commission reports \$592,157 of non-utility property. This amount consists of deferred debits relating to the 2011 Landfill Phase 8.

Bond issuance costs are recovered through rates over the life of the debt. The commission has elected to create a regulatory asset for this cost and amortize it over the life of the debt using the effective interest rate method. The unamortized balance at December 31, 2021 and 2020 is \$159,654 and \$99,663

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Note 15 FUND BALANCE

A. CLASSIFICATIONS

Definitions of fund balance classifications are included in Note 1P. At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

	General Fund	Capital Equipment Replacement	2021 Infrastructure Bonds	Airport Capital	Civic Center Capital Improvements	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$173,023	\$ -	\$ -	\$ -	\$ -	\$45,109	\$218,132
Interfund loans receivable	1,479,970	-	-	-	-	-	1,479,970
Restricted:							
Debt service	-	-	-	-	-	6,076,896	6,076,896
Law enforcement	-	-	-	-	-	79,211	79,211
Other purposes	39,516	-	-	-	-	126,038	165,554
Committed:							
Revenue stabilization	1,049,832	-	-	-	-	-	1,049,832
Public library	-	-	-	-	-	644,224	644,224
Central school	-	-	-	-	-	72,459	72,459
Airport operations	-	-	-	-	-	74,386	74,386
Cemetery	-	-	-	-	-	130,332	130,332
Domestic animal control facility	-	-	-	-	-	9,742	9,742
Assigned:							
Capital purposes	-	-	849,247	102,160	-	1,413,568	2,364,975
Unassigned	4,812,207	(556,342)	-	-	(1,263,858)	(100,361)	2,891,646
Total	\$7,554,548	(\$556,342)	\$849,247	\$102,160	(\$1,263,858)	\$8,571,604	\$15,257,359

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, 2021, the unassigned fund balance of the General Fund was \$4,812,207, compared to its targeted unassigned fund balance of \$6,240,669 based on the above policy.

CITY OF GRAND RAPIDS, MINNESOTA
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C. REVENUE STABILIZATION

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

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

Due to the recession which began in 2008, the City depleted its revenue stabilization reserve in 2010. During 2011, the City began replenishing the reserve in accordance with its policy described above. The reserve at December 31, 2021 is as follows:

Revenue stabilization at December 31, 2019	\$817,236
2020 replenishment	<u>108,336</u>
Revenue stabilization at December 31, 2020	925,572
2021 replenishment	<u>124,260</u>
Revenue stabilization at December 31, 2021	<u>\$1,049,832</u>

Note 16 COMMITMENTS

A. POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service to the Public Utilities Commission under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015. In addition, beginning in 2019, the generation capacity charge for each year is based on the previous year generation capacity charge adjusted as determined by the power supply formula rate for capacity, except that the charge will not be more than 2% higher, or 1% lower, than the previous year's charge. The peak power requirements for 2021 and 2020 were 31,868 and 30,004 kW, respectively.

On February 1, 2018, GRPUC renewed the purchased power contract with MP and it is set to expire in December 31, 2029, unless a new customer of GRPUC was a 15-minute peak of equal to or greater than 10 MW locates to an industrial park, which would extend the contract until December 31, 2034. GRPUC received the Tioga Substation asset as part of the contract in 2019. This amount is recorded as contributed Capital during the year. GRPUC is responsible for any repairs and maintenance necessary for the asset.

CITY OF GRAND RAPIDS, MINNESOTA
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December 31, 2021

GRPUC entered into a municipal Minnesota Interconnect agreement on September 16, 2021, with MP. The GRPUC, as the area EPS operator, and aids 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 Public Utilities Commission has several active construction projects as of December 31, 2021. The remaining commitment on these projects is \$105,817.

C. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Public Utilities Commission to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at those sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the GRPUC is required to establish financial assurance for closure, post-closure care and contingency action.

The current calculations of projected costs for all open and planned landfill sites included in the existing Industrial Solid Waste Disposal Facility Permit are:

Closure cost estimate	\$1,912,560
Post-closure care cost estimate	2,025,154
Contingency action	588,371
Total	<u><u>\$4,526,085</u></u>

These costs are reviewed annually and adjusted for the effects of inflation, changes in technology, or changes in laws and regulations.

Under the 1996-2001 permit, landfill sites C, D, E, and F were filled to capacity. The 2001-2006 permit included Kettle D and landfill Phases One through Four. Phases Five through Eight were added under the new permit effective September 2006 to September 2011. Kettle D was filled in 2006 and closed in 2008. Phases One through Four were filled and began the closure process in 2007. Final closure on Phases One through Four was completed in 2010. Construction of Phases Five and Six was completed in 2008. Phases Five and Six were put into service in 2008 and have an estimated life of ten years. Phase 7 was constructed in 2010 and placed into service in 2010 with an estimated life of ten years. Construction of Phase 8 began in 2011, and was placed in service in 2013.

On January 11, 2022 and December 14, 2020, Blandin Paper Company established an irrevocable letter of credit for \$4,526,085 and \$3,640,255 with Nordea Bank on behalf of the Public Utilities Commission. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill.

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 17 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. The City does not have a deductible for its workers compensation insurance. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess various amounts. For property and casualty coverage, the City has a \$1,000 deductible per occurrence with no annual maximum.

The City carries commercial insurance for all other risks of loss, including life, employee health and accident insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Note 18 CONDUIT DEBT

From time to time, the City has issued various industrial development and housing revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2021, there were three bond issues outstanding, with an estimated aggregate principal amount payable of \$3,173,539

Note 19 OPERATING LEASE

In 1996, the City entered into an operating lease agreement with the Public Utilities Commission component unit for space in a facility owned by the Public Utilities Commission. Annual payments consist of the 48% of total operating costs of the facility.

The term of the lease is through the later of September 1, 2095. However, the City may cancel the lease on September 1 of any year by delivery of notice of termination to the Public Utilities Commission no later than the preceding July 1.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 20 PAYMENTS IN LIEU OF TAX - PUC

Effective January 1, 1997, the Public Utilities Commission and the City of Grand Rapids established a formal agreement for payments in lieu of tax from the Commission to the City. Beginning January 1, 2010, the PILOT agreement was modified and the annual cash payment changed to 4.84 mills per kilowatt hours sold, with a minimum annual payment of \$823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT is increased to 5.00 mills per kilowatt hours sold, with a minimum annual payment of \$868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition. The amount of the PILOT cash payment from the Commission to the City for 2021 was \$882,288.

Note 21 DEFICIT FUND BALANCES

At December 31, 2021, individual funds with deficit fund balances are as follows:

Special Revenue Funds:	
IRA Civic Center	(\$47,414)
Capital Project Funds:	
IRA Civic Center Projects	(24,824)
Capital Equipment Replacement	(556,342)
GR/Cohasset Industrial park	(129,591)
Civic Center Capital Improvements	(1,263,858)

Note 22 MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

The Public Utilities Commission has a contract with UPM Blandin Paper Company (UPM Blandin) where UPM Blandin reimburses the Commission for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was \$3,354,423 and \$3,591,588 for 2021 and 2020, respectively. GRPUC also has contracts with UPM Blandin whereby UPM Blandin pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009A, 2009E, 2011A, 2013C, and 2021C along with the loader and truck leases, as discussed in Note 6. For ratemaking purposes the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by UPM Blandin for 2021 and 2020 were \$2,340,202 and, \$2,800,010 respectively.

Note 23 SUBSEQUENT EVENTS – PUC

Rate adjustment – On December 15, 2021, the commission approved annual rate increases for water and wastewater services of approximately \$30,000 added to each utility and 2% added to each customer bill effective February 2022. On December 15, 2021, the commission approval the 2022 annual rate increase for electric services of approximately 1.9% effective April 2022.

Refunding of Bonds – In February 2022, GRPUC called the remaining maturities of the 2012D bonds. The bonds were called with debt proceeds from the 2021D bond issue.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91 *Conduit Debt Obligations*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92 *Omnibus 2020*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription – Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 11

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	2021				
	Budgeted Amounts		Actual	Actual	2020
	Original	Final	Amounts	Over (Under)	Actual
Revenues:				Final Budget	Amounts
Taxes:					
General property taxes	\$5,197,994	\$4,951,509	\$4,963,402	\$11,893	\$4,719,439
Payment in lieu of taxes:					
Housing Authorities	45,000	45,000	46,886	1,886	43,762
Public utilities	868,000	868,000	868,000	-	868,000
Total taxes	6,110,994	5,864,509	5,878,288	13,779	5,631,201
Licenses and permits:					
Business	39,032	39,032	45,533	6,501	34,734
Nonbusiness	262,030	262,030	339,244	77,214	415,954
Total licenses and permits	301,062	301,062	384,777	83,715	450,688
Intergovernmental:					
Federal:					
Public safety grants	30,000	30,000	6,163	(23,837)	951,993
State:					
Local government aid	1,695,670	1,695,670	1,695,670	-	1,615,919
Market value homestead credit	-	-	210	210	802
Taconite supplemental aid	-	246,485	246,485	-	235,811
Taconite credit - mobile homes	-	-	2,199	2,199	2,161
Municipal state aid street maintenance	186,200	186,200	186,200	-	186,200
Police aid	173,000	173,000	174,659	1,659	179,570
Fire aid	128,000	128,000	143,391	15,391	137,585
Police training aid	18,500	18,500	20,607	2,107	18,818
PERA aid	-	-	-	-	5,848
State - miscellaneous	500	500	432,132	431,632	304,091
US Gas Tax Refund	500	500	1,085	585	-
Local:					
School District #318	142,331	142,331	140,475	(1,856)	107,167
Total intergovernmental	2,374,701	2,621,186	3,049,276	428,090	3,745,965
Charges for services:					
General government	200,208	200,208	207,202	6,994	189,891
Public safety	676,177	676,177	727,303	51,126	691,088
Public works	258,218	258,218	219,066	(39,152)	209,139
Total charges for services	1,134,603	1,134,603	1,153,571	18,968	1,090,118
Fines and forfeits	57,000	57,000	73,726	16,726	54,331
Special assessments	-	-	11,081	11,081	16,813
Investment income	45,000	45,000	43,266	(1,734)	47,889
Miscellaneous:					
Donations/contributions	11,250	11,250	27,377	16,127	600
Rentals and leases	3,000	3,000	3,542	542	3,027
Other	19,500	19,500	40,289	20,789	9,027
Total miscellaneous	33,750	33,750	71,208	37,458	12,654
Total revenues	10,057,110	10,057,110	10,665,193	608,083	11,049,659

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 11

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	2021				2020
	Budgeted Amounts		Actual	Actual	Actual
	Original	Final	Amounts	Over (Under) Final Budget	Amounts
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personnel services	\$45,294	\$45,294	\$45,246	(\$48)	\$45,261
Materials and supplies	-	-	278	278	24
Other services and charges	50,000	50,000	54,073	4,073	44,514
Total mayor and city council	95,294	95,294	99,597	4,303	89,799
Administration:					
Current:					
Personnel services	553,661	553,661	550,975	(2,686)	545,447
Materials and supplies	4,150	4,150	2,451	(1,699)	1,627
Other services and charges	67,356	67,356	100,012	32,656	67,237
Total administration	625,167	625,167	653,438	28,271	614,311
Finance:					
Current:					
Personnel services	518,284	518,284	516,968	(1,316)	506,839
Materials and supplies	3,450	3,450	2,497	(953)	3,661
Other services and charges	55,765	55,765	49,086	(6,679)	45,035
Total finance	577,499	577,499	568,551	(8,948)	555,535
Information technology:					
Current:					
Personnel services	220,790	220,790	236,695	15,905	217,256
Materials and supplies	11,650	11,650	10,682	(968)	6,103
Other services and charges	61,005	61,005	48,522	(12,483)	47,201
Capital outlay	-	-	-	-	-
Total information technology	293,445	293,445	295,899	2,454	270,560
Community development:					
Current:					
Personnel services	494,866	494,866	494,361	(505)	476,759
Materials and supplies	6,200	6,200	3,798	(2,402)	6,237
Other charges and services	36,800	36,800	21,395	(15,405)	32,686
Capital outlay	-	-	-	-	10,736
Total community development	537,866	537,866	519,554	(18,312)	526,418
Building safety:					
Current:					
Personnel services	194,164	194,164	258,232	64,068	155,243
Materials and supplies	12,300	12,300	8,415	(3,885)	11,264
Other charges and services	84,600	84,600	81,750	(2,850)	75,773
Capital outlay	-	-	-	-	-
Total building maintenance - city hall	291,064	291,064	348,397	57,333	242,280
Total general government	2,420,335	2,420,335	2,485,436	65,101	2,298,903

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 11

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	2021				2020
	Budgeted Amounts		Actual	Actual	Actual
	Original	Final	Amounts	Over (Under) Final Budget	Amounts
Expenditures: (continued)					
Public safety:					
Police protection:					
Current:					
Personnel services	\$2,919,092	\$2,919,092	\$2,860,805	(\$58,287)	\$2,792,218
Materials and supplies	110,300	110,300	108,797	(1,503)	94,386
Other charges and services	243,088	243,088	230,015	(13,073)	193,440
Capital outlay	-	-	42,614	42,614	28,118
Total police protection	3,272,480	3,272,480	3,242,231	(30,249)	3,108,162
Fire protection:					
Current:					
Personnel services	520,781	520,781	534,069	13,288	502,047
Materials and supplies	55,600	55,600	44,162	(11,438)	45,296
Other charges and services	117,464	117,464	110,583	(6,881)	87,230
Capital outlay	-	-	-	-	-
Total fire protection	693,845	693,845	688,814	(5,031)	634,573
Total public safety	3,966,325	3,966,325	3,931,045	(35,280)	3,742,735
Public works:					
Public works:					
Current:					
Personnel services	1,281,725	1,281,725	1,419,602	137,877	1,323,395
Materials and supplies	239,000	239,000	287,002	48,002	271,901
Other services and charges	478,100	478,100	555,238	77,138	443,564
Street lighting	240,000	240,000	238,889	(1,111)	173,064
Total public works	2,238,825	2,238,825	2,500,731	261,906	2,231,578
Fleet maintenance:					
Current:					
Personnel services	208,358	208,358	202,424	(5,934)	205,599
Materials and supplies	25,800	25,800	16,806	(8,994)	14,146
Other services and charges	44,400	44,400	30,207	(14,193)	25,841
Capital outlay	-	-	9,445	9,445	19,654
Total fleet maintenance	278,558	278,558	258,882	(19,676)	265,240
Total public works	2,517,383	2,517,383	2,759,613	242,230	2,477,164

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 11
Page 4 of 4

	2021				2020
	Budgeted Amounts		Actual	Actual	Actual
	Original	Final	Amounts	Over (Under) Final Budget	Amounts
Expenditures: (continued)					
Culture and recreation:					
Current:					
Personnel services	\$83,407	\$83,407	\$70,580	(\$12,827)	\$75,929
Materials and supplies	2,500	2,500	37	(2,463)	303
Other services and charges	9,200	9,200	5,458	(3,742)	6,477
Capital outlay	-	-	-	-	37,118
Total culture and recreation	95,107	95,107	76,075	(19,032)	119,827
Miscellaneous:					
City-wide:					
Current:					
Other services and charges	220,700	220,700	483,406	262,706	1,139,681
Capital outlay	-	-	-	-	159,539
Special projects:					
Current:					
Other services and charges	128,800	128,800	85,893	(42,907)	74,415
Total miscellaneous	349,500	349,500	569,299	219,799	1,373,635
Total expenditures	9,348,650	9,348,650	9,821,468	472,818	10,012,264
Revenues over (under) expenditures	708,460	708,460	843,725	135,265	1,037,395
Other financing sources (uses):					
Sale of capital assets	-	-	11,038	11,038	181,765
Insurance recoveries	-	-	41,847	41,847	19,356
Transfers in	-	-	82,585	82,585	-
Transfers out	(708,460)	(708,460)	(766,356)	(57,896)	(517,616)
Total other financing sources (uses)	(708,460)	(708,460)	(630,886)	77,574	(316,495)
Net change in fund balance	\$0	\$0	212,839	\$212,839	720,900
Fund balance - January 1			7,341,709		6,620,809
Fund balance - December 31			\$7,554,548		\$7,341,709

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

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

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

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%

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

See accompanying notes to the required supplementary information.

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

Statement 14

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

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

See accompanying notes to the required supplementary information.

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

Statement 15

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

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS⁽¹⁾ -
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%

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

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION

Statement 17

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS ⁽¹⁾

GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION

For The Last Ten Years

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

1. GASB 68 was implemented in 2015. Information prior to 2015 is not available.

2. The Grand Rapids Fire department Relief Association is comprised of volunteers, therefore there are no payroll expenditures.

See accompanying notes to the required supplementary information.

CITY OF GRAND RAPIDS, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 18****SCHEDULE OF CONTRIBUTIONS⁽¹⁾ -****GRAND RAPIDS FIRE DEPARTMENT RELIEF ASSOCIATION**

For The Last Ten Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee 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)

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

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

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

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

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

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.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSO has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year for 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the selection period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

CITY OF GRAND RAPIDS, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

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.

2021 Changes

Assumption Changes:

- 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

Assumption Changes:

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

2019 Changes

Assumption Changes:

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for police and fire employees were updated.
- The discount rate was changed from 3.30% to 3.80%.
- These changes decreased the liability \$2,164.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

A Special Revenue Fund accounts for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and/or resolution to finance particular functions, activities or governments.

DEBT SERVICE FUNDS

The Debt Service Funds were established to finance and account for the payment of principal and interest on general long-term indebtedness of the City not accounted for in other Governmental and Proprietary Funds.

CAPITAL PROJECT FUNDS

The Capital Project Funds are established to account for the resources expended to acquire assets of a relatively permanent nature other than those financed by Enterprise Funds.

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 19

				Totals	
	Special	Debt	Capital	Nonmajor Governmental Funds	
	Revenue	Service	Project	2021	2020
Assets					
Cash and investments	\$1,146,890	\$6,168,314	\$2,162,207	\$9,477,411	\$8,865,973
Due from other governmental units	129,016	-	7,500	136,516	483,408
Due from component units	-	-	57,660	57,660	51,307
Accounts receivable	77,966	10,772	12,000	100,738	87,110
Prepaid items	23,109	-	22,000	45,109	52,941
Taxes receivable - delinquent	39,898	-	-	39,898	30,523
Pledges receivable	-	-	14,387	14,387	42,510
Special assessments receivable	-	2,129,980	406,588	2,536,568	2,717,106
Total assets	\$1,416,879	\$8,309,066	\$2,682,342	\$12,408,287	\$12,330,878
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$76,422	\$90,157	\$82,184	\$248,763	\$544,574
Accrued wages payable	20,097	-	-	20,097	11,910
Due to other governmental units	12,967	-	-	12,967	226,634
Due to component units	29,641	-	-	29,641	13,987
Contracts payable	-	-	71,259	71,259	-
Due to other funds	29,118	-	104,123	133,241	105,712
Deposits payable	9,469	-	-	9,469	9,231
Interfund loan payable	52,074	-	-	52,074	66,401
Unearned revenue	89,623	-	566,662	656,285	88,128
Total liabilities	319,411	90,157	824,228	1,233,796	1,066,577
Deferred inflows of resources:					
Unavailable revenue	39,898	2,142,013	420,976	2,602,887	2,790,139
Total deferred inflows of resources	39,898	2,142,013	420,976	2,602,887	2,790,139
Fund balance:					
Nonspendable	23,109	-	22,000	45,109	52,941
Restricted	153,598	6,076,896	51,651	6,282,145	6,792,754
Committed	931,143	-	-	931,143	853,737
Assigned	-	-	1,413,568	1,413,568	1,146,364
Unassigned	(50,280)	-	(50,081)	(100,361)	(371,634)
Total fund balance	1,057,570	6,076,896	1,437,138	8,571,604	8,474,162
Total liabilities, deferred inflows of resources, and fund balance	\$1,416,879	\$8,309,066	\$2,682,342	\$12,408,287	\$12,330,878

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2021

With Comparative Totals For The Year Ended December 31, 2020

Statement 20

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2021	2020
Revenues:					
Taxes:					
General property	\$866,589	\$1,556,830	\$ -	\$2,423,419	\$2,445,435
Tax abatements	-	44,049	-	44,049	62,717
Tax increments	-	235,552	-	235,552	228,759
Intergovernmental	246,240	510,760	505,755	1,262,755	1,812,178
Special assessments	-	307,905	22,500	330,405	415,661
Charges for services	1,065,977	-	-	1,065,977	977,614
Fines and forfeits	24,611	-	-	24,611	38,076
Investment income	12,819	40,937	7,317	61,073	81,763
Contributions and donations	7,819	-	60,383	68,202	114,722
Reimbursement from component unit	-	-	10,974	10,974	-
Other grants	-	-	-	-	142,000
Other	15,879	-	51,651	67,530	2,373
Total revenues	<u>2,239,934</u>	<u>2,696,033</u>	<u>658,580</u>	<u>5,594,547</u>	<u>6,321,298</u>
Expenditures:					
Current:					
General government	-	192,786	410,709	603,495	668,342
Public safety	132,258	-	-	132,258	132,756
Public works	495,858	-	23,040	518,898	527,350
Culture and recreation	1,584,350	-	3,280	1,587,630	1,442,349
Capital outlay/construction	104,289	-	367,991	472,280	1,714,530
Debt service:					
Principal retirement	-	2,515,000	-	2,515,000	2,480,000
Interest	-	578,766	-	578,766	613,237
Paying agent fees	-	6,600	-	6,600	6,850
Decertify TIF districts	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>2,316,755</u>	<u>3,293,152</u>	<u>805,020</u>	<u>6,414,927</u>	<u>7,585,414</u>
Revenues over (under) expenditures	<u>(76,821)</u>	<u>(597,119)</u>	<u>(146,440)</u>	<u>(820,380)</u>	<u>(1,264,116)</u>
Other financing sources (uses):					
Bond issuances	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	4,000
Insurance recoveries	55,451	-	-	55,451	186,932
Transfers in	191,079	232,425	511,201	934,705	442,776
Transfers out	-	(211,436)	(150,943)	(362,379)	(213,075)
Total other financing sources (uses)	<u>246,530</u>	<u>20,989</u>	<u>360,258</u>	<u>627,777</u>	<u>420,633</u>
Net change in fund balance	169,709	(576,130)	213,818	(192,603)	(843,483)
Fund balance - January 1	887,861	6,653,026	1,223,320	8,764,207	9,317,645
Fund balance - December 31	<u>\$1,057,570</u>	<u>\$6,076,896</u>	<u>\$1,437,138</u>	<u>\$8,571,604</u>	<u>\$8,474,162</u>

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

Prior year ending fund balance reported	\$8,474,162
Prior year ending fund balance for funds reported as nonmajor in prior year and major in current year:	
413 Airport Capital Fund	(135,789)
483 2022 Infrastructure Bonds	182,142
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
481 2020 Infrastructure Bonds	243,692
Current year beginning fund balance	<u>\$8,764,207</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Public Library - accounts for the operations of the City's public library.

Central School - accounts for the operation and preservation of a historic building.

Airport Operations – accounts for the operations of the Grand Rapids/Itasca County Airport.

IRA Civic Center - accounts for the operation of the City's civic center.

Haz-Mat - accounts for the State approved Hazardous Materials Program.

Police Forfeiture - accounts for the County, State and Federal forfeitures received.

Cemetery - accounts for the operations of the City's cemetery.

Domestic Animal Control Facility - accounts for costs associated with operating the facility.

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Assets				
Cash and investments	\$644,482	\$95,887	\$179,583	\$200
Due from other governmental units	42,033	-	66,231	-
Accounts receivable	-	-	74	76,692
Prepaid items	12,304	-	1,850	2,866
Taxes receivable - delinquent	30,777	-	-	-
Total assets	<u>\$729,596</u>	<u>\$95,887</u>	<u>\$247,738</u>	<u>\$79,758</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$17,037	\$12,060	\$14,713	\$30,458
Accrued wages payable	10,105	-	1,771	4,318
Due to other governmental units	11,022	-	159	715
Due to component units	2,463	1,742	1,323	23,425
Due to other funds	1,664	4,500	-	12,149
Deposits payable	-	5,126	4,343	-
Interfund loan payable	-	-	-	52,074
Unearned revenue	-	-	74,806	4,033
Total liabilities	<u>42,291</u>	<u>23,428</u>	<u>97,115</u>	<u>127,172</u>
Deferred inflows of resources:				
Unavailable revenue	30,777	-	-	-
Total deferred inflows of resources	<u>30,777</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance (deficit):				
Nonspendable	12,304	-	1,850	2,866
Restricted	-	-	74,387	-
Committed	644,224	72,459	74,386	-
Unassigned	-	-	-	(50,280)
Total fund balance (deficit)	<u>656,528</u>	<u>72,459</u>	<u>150,623</u>	<u>(47,414)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$729,596</u>	<u>\$95,887</u>	<u>\$247,738</u>	<u>\$79,758</u>

Statement 21

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2021	2020
\$ -	\$88,686	\$131,206	\$6,846	\$1,146,890	\$957,174
13,302	-	1,165	6,285	129,016	86,832
-	-	1,200	-	77,966	72,110
-	-	5,324	765	23,109	30,941
-	-	9,121	-	39,898	30,523
<u>\$13,302</u>	<u>\$88,686</u>	<u>\$148,016</u>	<u>\$13,896</u>	<u>\$1,416,879</u>	<u>\$1,177,580</u>
\$507	\$ -	\$366	\$1,281	\$76,422	\$51,283
904	-	2,149	850	20,097	11,910
77	-	163	831	12,967	5,393
-	-	261	427	29,641	13,987
10,805	-	-	-	29,118	12,863
-	-	-	-	9,469	9,231
-	-	-	-	52,074	66,401
-	10,484	300	-	89,623	88,128
<u>12,293</u>	<u>10,484</u>	<u>3,239</u>	<u>3,389</u>	<u>319,411</u>	<u>259,196</u>
-	-	9,121	-	39,898	30,523
<u>0</u>	<u>0</u>	<u>9,121</u>	<u>0</u>	<u>39,898</u>	<u>30,523</u>
-	-	5,324	765	23,109	30,941
1,009	78,202	-	-	153,598	139,728
-	-	130,332	9,742	931,143	853,737
-	-	-	-	(50,280)	(136,545)
<u>1,009</u>	<u>78,202</u>	<u>135,656</u>	<u>10,507</u>	<u>1,057,570</u>	<u>887,861</u>
<u>\$13,302</u>	<u>\$88,686</u>	<u>\$148,016</u>	<u>\$13,896</u>	<u>\$1,416,879</u>	<u>\$1,177,580</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	211 Public Library	225 Central School	226 Airport Operations	228 IRA Civic Center
Revenues:				
General property taxes	\$667,279	\$ -	\$ -	\$ -
Intergovernmental	33,728	-	110,389	-
Charges for services	176,537	47,651	130,123	659,758
Fines and forfeits	220	-	-	-
Investment income	10,982	431	262	1
Contributions and donations	7,819	-	-	-
Other	-	1,359	3,212	-
Total revenues	<u>896,565</u>	<u>49,441</u>	<u>243,986</u>	<u>659,759</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	236,864	-
Culture and recreation	856,949	112,665	-	614,736
Capital outlay	-	-	11,239	-
Total expenditures	<u>856,949</u>	<u>112,665</u>	<u>248,103</u>	<u>614,736</u>
Revenues over (under) expenditures	<u>39,616</u>	<u>(63,224)</u>	<u>(4,117)</u>	<u>45,023</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Insurance recoveries	-	8,293	5,914	41,244
Transfers in	-	50,716	20,000	-
Total other financing sources (uses)	<u>0</u>	<u>59,009</u>	<u>25,914</u>	<u>41,244</u>
Net change in fund balance	39,616	(4,215)	21,797	86,267
Fund balance (deficit) - January 1	<u>616,912</u>	<u>76,674</u>	<u>128,826</u>	<u>(133,681)</u>
Fund balance (deficit) - December 31	<u><u>\$656,528</u></u>	<u><u>\$72,459</u></u>	<u><u>\$150,623</u></u>	<u><u>(\$47,414)</u></u>

231 Haz-Mat	232 Police Forfeiture	233 Cemetery	235 Domestic Animal Control Facility	Totals Nonmajor Special Revenue Funds	
				2021	2020
\$ -	\$ -	\$199,310	\$ -	\$866,589	\$852,988
65,057	2,438	31,366	3,262	246,240	220,703
-	-	51,908	-	1,065,977	977,614
-	1,861	-	22,530	24,611	38,076
-	613	530	-	12,819	9,707
-	-	-	-	7,819	12,898
-	10,113	1,195	-	15,879	1,973
<u>65,057</u>	<u>15,025</u>	<u>284,309</u>	<u>25,792</u>	<u>2,239,934</u>	<u>2,113,959</u>
54,648	13,043	-	64,567	132,258	132,756
-	-	258,994	-	495,858	516,190
-	-	-	-	1,584,350	1,441,129
10,409	-	82,641	-	104,289	44,030
<u>65,057</u>	<u>13,043</u>	<u>341,635</u>	<u>64,567</u>	<u>2,316,755</u>	<u>2,134,105</u>
<u>0</u>	<u>1,982</u>	<u>(57,326)</u>	<u>(38,775)</u>	<u>(76,821)</u>	<u>(20,146)</u>
-	-	-	-	-	4,000
-	-	-	-	55,451	-
-	-	82,585	37,778	191,079	110,280
<u>0</u>	<u>0</u>	<u>82,585</u>	<u>37,778</u>	<u>246,530</u>	<u>114,280</u>
0	1,982	25,259	(997)	169,709	94,134
<u>1,009</u>	<u>76,220</u>	<u>110,397</u>	<u>11,504</u>	<u>887,861</u>	<u>793,727</u>
<u>\$1,009</u>	<u>\$78,202</u>	<u>\$135,656</u>	<u>\$10,507</u>	<u>\$1,057,570</u>	<u>\$887,861</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, 2021
With Comparative Totals For December 31, 2020

	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
Assets					
Cash and investments	\$659,575	\$341,972	\$378,921	\$177,508	\$82,586
Accounts receivable	547	-	-	-	-
Special assessments:					
Delinquent	3,309	-	-	131	-
Deferred	54,498	127,336	112,633	140,367	15,558
Special deferred	130,038	-	657,880	-	-
Total assets	<u>\$847,967</u>	<u>\$469,308</u>	<u>\$1,149,434</u>	<u>\$318,006</u>	<u>\$98,144</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$450	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>450</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:					
Unavailable revenue	187,845	127,336	770,513	140,498	15,558
Total deferred inflows of resources	<u>187,845</u>	<u>127,336</u>	<u>770,513</u>	<u>140,498</u>	<u>15,558</u>
Fund balance:					
Restricted	659,672	341,972	378,921	177,508	82,586
Total fund balance	<u>659,672</u>	<u>341,972</u>	<u>378,921</u>	<u>177,508</u>	<u>82,586</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$847,967</u>	<u>\$469,308</u>	<u>\$1,149,434</u>	<u>\$318,006</u>	<u>\$98,144</u>

354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$12,382	\$652,411	\$133,365	\$269,796	\$702,192	\$2,539
-	-	-	-	-	-
-	1,932	32	327	2,689	-
-	125,780	22,980	105,864	131,323	-
-	-	-	-	5,152	-
<u>\$12,382</u>	<u>\$780,123</u>	<u>\$156,377</u>	<u>\$375,987</u>	<u>\$841,356</u>	<u>\$2,539</u>
\$ -	\$ -	\$ -	\$1,000	\$ -	\$ -
0	0	0	1,000	0	0
-	139,746	23,012	106,191	139,164	-
0	139,746	23,012	106,191	139,164	0
12,382	640,377	133,365	268,796	702,192	2,539
12,382	640,377	133,365	268,796	702,192	2,539
<u>\$12,382</u>	<u>\$780,123</u>	<u>\$156,377</u>	<u>\$375,987</u>	<u>\$841,356</u>	<u>\$2,539</u>

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights
Assets						
Cash and investments	\$869,516	\$364,315	\$304,938	\$406,722	\$47,670	\$44,206
Accounts receivable	-	-	10,225	-	-	-
Special assessments:						
Delinquent	9,429	-	8	257	-	-
Deferred	154,825	67,276	123,564	132,325	-	-
Special deferred	1,175	-	-	3,292	-	-
Total assets	<u>\$1,034,945</u>	<u>\$431,591</u>	<u>\$438,735</u>	<u>\$542,596</u>	<u>\$47,670</u>	<u>\$44,206</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$22,025	\$15,948
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,025</u>	<u>15,948</u>
Deferred inflows of resources:						
Unavailable revenue	165,429	67,276	123,572	135,873	-	-
Total deferred inflows of resources	<u>165,429</u>	<u>67,276</u>	<u>123,572</u>	<u>135,873</u>	<u>0</u>	<u>0</u>
Fund balance:						
Restricted	869,516	364,315	315,163	406,723	25,645	28,258
Total fund balance	<u>869,516</u>	<u>364,315</u>	<u>315,163</u>	<u>406,723</u>	<u>25,645</u>	<u>28,258</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,034,945</u>	<u>\$431,591</u>	<u>\$438,735</u>	<u>\$542,596</u>	<u>\$47,670</u>	<u>\$44,206</u>

371 TIF 1-6 Old Hospital Housing Bonds	372 TIF 1-7 Block 37 Redevelopment	373 TIF 1-6 Old Hospital Housing Paygo	375 TIF 1-4 Oakwood Terrace	376 TIF 1-10 River Hills	377 TIF 1-11 Sawmill Inn Redevelopment	Totals Nonmajor Debt Service Funds	
						2021	2020
\$93,730	\$26,300	\$33,805	\$503,809	\$55,261	\$4,795	\$6,168,314	\$6,742,722
-	-	-	-	-	-	10,772	47,147
-	-	-	-	-	-	18,114	47,147
-	-	-	-	-	-	1,314,329	1,435,595
-	-	-	-	-	-	797,537	1,122,657
<u>\$93,730</u>	<u>\$26,300</u>	<u>\$33,805</u>	<u>\$503,809</u>	<u>\$55,261</u>	<u>\$4,795</u>	<u>\$8,309,066</u>	<u>\$9,348,121</u>
\$ -	\$7,769	\$14,869	\$ -	\$28,096	\$ -	\$90,157	\$89,696
0	7,769	14,869	0	28,096	0	90,157	89,696
-	-	-	-	-	-	2,142,013	2,605,399
0	0	0	0	0	0	2,142,013	2,605,399
93,730	18,531	18,936	503,809	27,165	4,795	6,076,896	6,653,026
93,730	18,531	18,936	503,809	27,165	4,795	6,076,896	6,653,026
<u>\$93,730</u>	<u>\$26,300</u>	<u>\$33,805</u>	<u>\$503,809</u>	<u>\$55,261</u>	<u>\$4,795</u>	<u>\$8,309,066</u>	<u>\$9,348,121</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	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	\$207,279	\$129,736	\$75,307	\$143,157	\$ -
Tax abatement	-	-	-	-	-
Tax increments	-	-	-	-	-
Intergovernmental:					
State:					
Supplemental aid	10,619	6,646	3,858	7,334	-
MSA	-	-	-	-	-
IRRRB grant	-	-	-	-	-
Federal BAB credit	-	-	-	-	-
Special assessments	46,487	20,100	21,297	12,209	-
Investment income	4,213	2,180	2,648	813	361
Total revenues	268,598	158,662	103,110	163,513	361
Expenditures:					
General government:					
Current:					
Contractual services	200	3,950	200	200	200
Developer assistance	-	-	-	-	-
Decertify TIF districts	-	-	-	-	-
Debt service:					
Principal retirement	440,000	115,000	70,000	-	-
Interest	33,450	55,513	38,980	29,454	-
Paying agent fees	450	500	500	500	-
Bond issuance costs	-	-	-	-	-
Total expenditures	474,100	174,963	109,680	30,154	200
Revenues over (under) expenditures	(205,502)	(16,301)	(6,570)	133,359	161
Other financing sources (uses):					
Transfer in	-	-	-	-	82,425
Transfer out	-	-	-	-	-
Total other financing sources (uses)	0	0	0	0	82,425
Net change in fund balance	(205,502)	(16,301)	(6,570)	133,359	82,586
Fund balance (deficit) - January 1	865,174	358,273	385,491	44,149	-
Fund balance (deficit) - December 31	\$659,672	\$341,972	\$378,921	\$177,508	\$82,586

354 G.O. State-Aid Improvement Bonds of 2007B	358 Improvement Bonds of 2009C	359 Improvement Bonds of 2010A	360 Improvement Bonds of 2011B	361 Improvement Bonds of 2012A	362 G.O. State-Aid Street Bonds of 2012B
\$ -	\$248,586	\$52,938	\$29,825	\$75,307	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	12,735	2,712	1,528	3,858	-
79,613	-	-	-	-	322,908
-	-	-	-	-	-
-	26,722	-	-	-	-
-	50,207	5,359	23,987	27,485	-
151	3,889	821	1,884	5,037	246
79,764	342,139	61,830	57,224	111,687	323,154
200	200	200	1,200	200	200
-	-	-	-	-	-
-	-	-	-	-	-
75,000	325,000	60,000	70,000	145,000	280,000
4,613	80,964	11,575	13,660	34,100	42,908
375	400	400	525	525	525
-	-	-	-	-	-
80,188	406,564	72,175	85,385	179,825	323,633
(424)	(64,425)	(10,345)	(28,161)	(68,138)	(479)
-	-	-	-	-	-
-	-	-	-	-	-
0	0	0	0	0	0
(424)	(64,425)	(10,345)	(28,161)	(68,138)	(479)
12,806	704,802	143,710	296,957	770,330	3,018
\$12,382	\$640,377	\$133,365	\$268,796	\$702,192	\$2,539

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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	364 Improvement Refunding Bonds of 2013A	365 G.O. Street Reconstruction Bonds of 2013B	366 Improvement Bonds of 2014A	367 Improvement Bonds of 2016A	368 G.O. Improvement Reconstruction Bonds of 2017A	369 1st Ave Condo Abatement	370 TIF 1-8 Lakewood Heights
Revenues:							
Taxes:							
General property	\$ -	\$85,446	\$215,480	\$137,937	\$155,832	\$ -	\$ -
Tax abatement	-	-	-	-	-	44,049	-
Tax increments	-	-	-	-	-	-	35,440
Intergovernmental:							
State:							
Supplemental aid	-	4,377	11,039	7,066	7,983	-	-
MSA	-	-	-	-	-	-	-
IRRRB grant	-	-	-	-	-	-	-
Federal BAB credit	-	-	-	-	-	-	-
Special assessments	-	34,356	10,173	29,766	26,479	-	-
Investment income	1,139	5,918	2,001	1,812	2,516	250	242
Total revenues	1,139	130,097	238,693	176,581	192,810	44,299	35,682
Expenditures:							
General government:							
Current:							
Contractual services	4,751	200	200	2,700	200	-	269
Developer assistance	-	-	-	-	-	44,049	31,896
Decertify TIF districts	-	-	-	-	-	-	-
Debt service:							
Principal retirement	175,000	260,000	205,000	135,000	125,000	-	-
Interest	1,181	79,488	40,770	35,210	58,800	-	-
Paying agent fees	-	500	500	450	450	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	180,932	340,188	246,470	173,360	184,450	44,049	32,165
Revenues over (under) expenditures	(179,793)	(210,091)	(7,777)	3,221	8,360	250	3,517
Other financing sources (uses):							
Transfer in	-	150,000	-	-	-	-	-
Transfer out	(211,436)	-	-	-	-	-	-
Total other financing sources (uses)	(211,436)	150,000	0	0	0	0	0
Net change in fund balance	(391,229)	(60,091)	(7,777)	3,221	8,360	250	3,517
Fund balance (deficit) - January 1	391,229	929,607	372,092	311,942	398,363	25,395	24,741
Fund balance (deficit) - December 31	\$0	\$869,516	\$364,315	\$315,163	\$406,723	\$25,645	\$28,258

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	Totals Nonmajor Debt Service Funds	
						2021	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,556,830	\$1,592,447
-	-	-	-	-	-	44,049	62,717
56,656	17,264	29,519	29,399	62,397	4,877	235,552	228,759
-	-	1,762	-	-	-	81,517	82,233
-	-	-	-	-	-	402,521	405,139
-	-	-	-	-	-	-	-
-	-	-	-	-	-	26,722	31,965
-	-	-	-	-	-	307,905	400,935
526	155	169	3,702	254	10	40,937	62,792
57,182	17,419	31,450	33,101	62,651	4,887	2,696,033	2,866,987
269	269	589	184	319	92	16,992	28,293
-	15,538	28,153	-	56,158	-	175,794	174,846
-	-	-	-	-	-	-	-
35,000	-	-	-	-	-	2,515,000	2,480,000
18,100	-	-	-	-	-	578,766	613,237
-	-	-	-	-	-	6,600	6,850
-	-	-	-	-	-	-	-
53,369	15,807	28,742	184	56,477	92	3,293,152	3,303,226
3,813	1,612	2,708	32,917	6,174	4,795	(597,119)	(436,239)
-	-	-	-	-	-	232,425	150,000
-	-	-	-	-	-	(211,436)	(5,130)
0	0	0	0	0	0	20,989	144,870
3,813	1,612	2,708	32,917	6,174	4,795	(576,130)	(291,369)
89,917	16,919	16,228	470,892	20,991	-	6,653,026	6,944,395
\$93,730	\$18,531	\$18,936	\$503,809	\$27,165	\$4,795	\$6,076,896	\$6,653,026

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NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

General Capital Improvement Projects – accounts for general capital improvement projects that are not funded by bonds.

Municipal State Aid – accounts for allotments received from the Minnesota Department of Transportation.

Park Acquisition and Development – accounts for the accumulation of resources to be used to improve the City's park and recreational facilities.

Airport Capital Fund – accounts for the capital activity of the Grand Rapids/Itasca County Airport.

GR Arts and Culture Capital Fund – accounts for the accumulation of resources to be used to improve the City's arts and culture.

IRA Civic Center Projects – accounts for the capital activity of the Civic Center.

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

Infrastructure – Other Funds – accounts for infrastructure projects which are not financed by bond proceeds.

Permanent Improvement Revolving – designed to be a revolving fund for infrastructure improvements.

CITY OF GRAND RAPIDS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 25
Page 1 of 2

	401 General Capital Improvement Projects	402 Municipal State Aid	403 GR/Cohasset Industrial Park	404 Park Acquisition and Development	418 GR Arts and Culture Capital Project
Assets					
Cash and investments	\$317,886	\$446,729	\$ -	\$82,653	\$49,771
Accounts Receivable	-	-	-	12,000	-
Due from other governmental units	7,500	-	-	-	-
Due from component units	-	-	-	-	-
Pledges receivable	-	-	-	-	-
Prepaid items	-	-	-	-	22,000
Special assessments receivable:					
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Special deferred	-	-	-	-	-
Total assets	\$325,386	\$446,729	\$0	\$94,653	\$71,771
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$3,750	\$ -	\$50,292	\$ -	\$ -
Contracts payable	-	-	-	-	-
Due to other funds	-	-	79,299	-	-
Due to component units	-	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned Revenue	41,500	-	-	-	-
Total liabilities	45,250	0	129,591	0	0
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	0	0	0	0	0
Fund balance (deficit):					
Nonspendable	-	-	-	-	22,000
Restricted	51,651	-	-	-	-
Assigned	228,485	446,729	-	94,653	49,771
Unassigned	-	-	(129,591)	-	-
Total fund balance (deficit)	280,136	446,729	(129,591)	94,653	71,771
Total liabilities, deferred inflows of resources, and fund balance	\$325,386	\$446,729	\$0	\$94,653	\$71,771

Assets	429 IRA Civic Center Projects	481 2020 Infrastructure Bonds	484 2022 Infrastructure/ ARPA	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
					2021	2020
Cash and investments	\$ -	\$169,103	\$527,062	\$569,003	\$2,162,207	\$1,166,077
Accounts Receivable	-	-	-	-	12,000	15,000
Due from other governmental units	-	-	-	-	7,500	396,576
Due from component units	-	10,974	-	46,686	57,660	51,307
Pledges receivable	14,387	-	-	-	14,387	42,510
Prepaid items	-	-	-	-	22,000	22,000
Special assessments receivable:					-	-
Delinquent	-	-	-	14,511	14,511	10,537
Deferred	-	-	-	81,968	81,968	93,727
Special deferred	-	-	-	310,109	310,109	7,443
Total assets	<u>\$14,387</u>	<u>\$180,077</u>	<u>\$527,062</u>	<u>\$1,022,277</u>	<u>\$2,682,342</u>	<u>\$1,805,177</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$ -	\$4,484	\$1,900	\$21,758	\$82,184	\$403,595
Contracts payable	-	71,259	-	-	71,259	-
Due to other funds	24,824	-	-	-	104,123	92,849
Due to component units	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	221,241
Unearned Revenue	-	-	525,162	-	566,662	-
Total liabilities	<u>24,824</u>	<u>75,743</u>	<u>527,062</u>	<u>21,758</u>	<u>824,228</u>	<u>717,685</u>
Deferred inflows of resources:						
Unavailable revenue	14,387	-	-	406,589	420,976	154,217
Total deferred inflows of resources	<u>14,387</u>	<u>0</u>	<u>0</u>	<u>406,589</u>	<u>420,976</u>	<u>154,217</u>
Fund balance (deficit):						
Nonspendable	-	-	-	-	22,000	22,000
Restricted	-	-	-	-	51,651	-
Assigned	-	-	-	593,930	1,413,568	1,146,364
Unassigned	(24,824)	104,334	-	-	(50,081)	(235,089)
Total fund balance (deficit)	<u>(24,824)</u>	<u>104,334</u>	<u>0</u>	<u>593,930</u>	<u>1,437,138</u>	<u>933,275</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$14,387</u>	<u>\$180,077</u>	<u>\$527,062</u>	<u>\$1,022,277</u>	<u>\$2,682,342</u>	<u>\$1,805,177</u>

	401 General Capital Improvement Projects	402 Municipal State Aid	403 GR/Cohasset Industrial Park	404 Park Acquisition and Development	418 GR Arts and Culture Capital Project
Revenues:					
Intergovernmental:					
State:					
MSA	\$ -	\$68,824	\$ -	\$ -	\$ -
Other	349,347	-	-	-	-
Other intergovernmental	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	1,312	3,137	-	487	349
Contributions and donations	8,500	-	-	23,760	-
Reimbursement from component unit	-	-	-	-	-
Other grants	-	-	-	-	-
Other	51,651	-	-	-	-
Total revenues	<u>410,810</u>	<u>71,961</u>	<u>0</u>	<u>24,247</u>	<u>349</u>
Expenditures:					
Current:					
General government	384,796	-	-	-	-
Public works	-	1,282	-	-	-
Culture and recreation	-	-	-	3,280	-
Capital outlay/construction	15,030	-	129,591	4,184	-
Debt service:					
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>399,826</u>	<u>1,282</u>	<u>129,591</u>	<u>7,464</u>	<u>0</u>
Revenues over (under) expenditures	<u>10,984</u>	<u>70,679</u>	<u>(129,591)</u>	<u>16,783</u>	<u>349</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Transfers in	159,686	-	-	-	4,167
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>159,686</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,167</u>
Net change in fund balance	170,670	70,679	(129,591)	16,783	4,516
Fund balance (deficit) - January 1	<u>109,466</u>	<u>376,050</u>	<u>-</u>	<u>77,870</u>	<u>67,255</u>
Fund balance (deficit) - December 31	<u>\$280,136</u>	<u>\$446,729</u>	<u>(\$129,591)</u>	<u>\$94,653</u>	<u>\$71,771</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 26
Page 2 of 2

	429 IRA Civic Center Projects	480 2019 Infrastructure Bonds	481 2020 Infrastructure Bonds	484 2022 Infrastructure/ ARPA	501 Permanent Improvement Revolving	Totals Nonmajor Capital Project Funds	
						2021	2020
Revenues:							
Intergovernmental:							
State:							
MSA	\$ -	\$ -	\$ -	\$ -	\$ -	\$68,824	\$66,235
Other	-	-	-	-	-	349,347	482,521
Other intergovernmental	-	-	-	87,584	-	87,584	523,382
Special assessments	-	-	-	-	22,500	22,500	14,726
Investment income	-	-	-	-	2,032	7,317	9,264
Contributions and donations	28,123	-	-	-	-	60,383	101,824
Reimbursement from component unit	-	-	10,974	-	-	10,974	-
Other grants	-	-	-	-	-	-	142,000
Other	-	-	-	-	-	51,651	400
Total revenues	28,123	0	10,974	87,584	24,532	658,580	1,340,352
Expenditures:							
Current:							
General government	-	-	-	20,690	5,223	410,709	465,203
Public works	-	-	-	-	21,758	23,040	11,160
Culture and recreation	-	-	-	-	-	3,280	1,220
Capital outlay/construction	-	1,960	150,332	66,894	-	367,991	1,670,500
Debt service:							
Bond issuance costs	-	-	-	-	-	-	-
Total expenditures	0	1,960	150,332	87,584	26,981	805,020	2,148,083
Revenues over (under) expenditures	28,123	(1,960)	(139,358)	0	(2,449)	(146,440)	(807,731)
Other financing sources (uses):							
Bond proceeds	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	186,932
Transfers in	-	-	-	-	347,348	511,201	182,496
Transfers out	-	(135,913)	-	-	(15,030)	(150,943)	(207,945)
Total other financing sources (uses)	0	(135,913)	0	0	332,318	360,258	161,483
Net change in fund balance	28,123	(137,873)	(139,358)	0	329,869	213,818	(646,248)
Fund balance (deficit) - January 1	(52,947)	137,873	243,692	-	264,061	1,223,320	1,579,523
Fund balance (deficit) - December 31	(\$24,824)	\$0	\$104,334	\$0	\$593,930	\$1,437,138	\$933,275
Reconciliation of beginning fund balance to prior year ending fund balance:							
Prior year ending fund balance reported						\$933,275	
Prior year ending fund balance for funds reported as nonmajor in							
prior year and major in current year:							
413 Airport Capital Fund						(135,789)	
483 2022 Infrastructure Bonds						182,142	
Add prior year ending fund balance for funds reported as major in							
prior year and nonmajor in current year:							
481 2020 Infrastructure Bonds						243,692	
Current year beginning fund balance						\$1,223,320	

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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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 27

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
General property taxes	\$677,282	\$677,282	\$667,279	\$663,785
Intergovernmental:				
State:				
Supplemental aid	33,728	33,728	33,728	33,613
Other	-	-	-	650
Charges for services:				
Townships	128,000	128,000	146,043	144,150
Other	28,732	28,732	30,494	23,449
Fines and forfeits	-	-	220	2,270
Investment income	4,300	4,300	10,982	6,924
Contributions and donations	9,500	9,500	7,819	12,898
Miscellaneous	-	-	-	-
Total revenues	881,542	881,542	896,565	887,739
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	571,706	571,706	654,618	648,922
Materials and supplies	92,000	92,000	83,995	62,453
Other services and charges	217,836	217,836	118,336	115,237
Total current	881,542	881,542	856,949	826,612
Capital outlay	-	-	-	5,536
Total expenditures	881,542	881,542	856,949	832,148
Revenues over (under) expenditures	-	-	39,616	55,591
Other financing sources:				
Transfer in	-	-	-	6,241
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	0	0	0	6,241
Net change in fund balance	\$0	\$0	39,616	61,832
Fund balance - January 1			616,912	555,080
Fund balance - December 31			\$656,528	\$616,912

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 28

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$70,200	\$70,200	\$47,651	\$73,065
Other	-	-	-	-
Investment income	400	400	431	765
Other	500	500	1,359	349
Total revenues	<u>71,100</u>	<u>71,100</u>	<u>49,441</u>	<u>74,179</u>
Expenditures:				
Culture and recreation:				
Current:				
Materials and supplies	2,100	2,100	1,682	910
Other services and charges	108,620	108,620	110,983	97,831
Total current	<u>110,720</u>	<u>110,720</u>	<u>112,665</u>	<u>98,741</u>
Capital Outlay	5,400	5,400	-	-
Total expenditures	<u>116,120</u>	<u>116,120</u>	<u>112,665</u>	<u>98,741</u>
Revenues over (under) expenditures	<u>(45,020)</u>	<u>(45,020)</u>	<u>(63,224)</u>	<u>(24,562)</u>
Other financing sources:				
Insurance recoveries	-	-	8,293	-
Transfer in	45,020	45,020	50,716	27,464
Total other financing sources (uses)	<u>45,020</u>	<u>45,020</u>	<u>59,009</u>	<u>27,464</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(4,215)	2,902
Fund balance - January 1			<u>76,674</u>	<u>73,772</u>
Fund balance - December 31			<u><u>\$72,459</u></u>	<u><u>\$76,674</u></u>

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 226 AIRPORT OPERATIONS

Statement 29

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$117,400	\$117,400	\$121,309	\$116,140
Other	5,902	5,902	8,814	6,205
Intergovernmental:				
State operations reimbursement	66,488	66,488	66,231	30,689
Itasca County	20,000	20,000	20,000	20,000
Federal	-	-	24,158	53,472
Investment income	1,950	1,950	262	565
Other	-	-	3,212	-
Total revenues	<u>211,740</u>	<u>211,740</u>	<u>243,986</u>	<u>227,071</u>
Expenditures:				
Public works:				
Current:				
Personnel services	91,046	91,046	90,593	115,315
Materials and supplies	39,250	39,250	31,683	12,228
Other services and charges	<u>101,444</u>	<u>101,444</u>	<u>114,588</u>	<u>141,281</u>
Total current	231,740	231,740	236,864	268,824
Capital outlay	-	-	11,239	6,019
Total expenditures	<u>231,740</u>	<u>231,740</u>	<u>248,103</u>	<u>274,843</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(4,117)</u>	<u>(47,772)</u>
Other financing sources:				
Sale of capital assets	-	-	-	4,000
Insurance recoveries	-	-	5,914	-
Transfer in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>25,914</u>	<u>24,000</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	21,797	(23,772)
Fund balance - January 1			<u>128,826</u>	<u>152,598</u>
Fund balance - December 31			<u>\$150,623</u>	<u>\$128,826</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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 30

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Charges for services:				
Rent	\$589,321	\$589,321	\$588,587	\$421,120
Concessions	-	-	-	57,215
Advertising	78,000	78,000	63,130	71,321
Other	6,800	6,800	8,041	8,635
Investment income	-	-	1	-
Total revenues	674,121	674,121	659,759	558,291
Expenditures:				
Culture and recreation:				
Current:				
Personnel services	258,670	258,670	214,386	225,896
Materials and supplies	20,200	20,200	13,546	43,469
Other services and charges	322,883	322,883	386,804	246,411
Capital outlay	-	-	-	-
Total expenditures	601,753	601,753	614,736	515,776
Revenues over (under) expenditures	72,368	72,368	45,023	42,515
Other financing sources (uses):				
Insurance recoveries	-	-	41,244	-
Total other financing sources (uses)	0	0	41,244	0
Net change in fund balance	\$72,368	\$72,368	86,267	42,515
Fund balance (deficit) - January 1			(133,681)	(176,196)
Fund balance (deficit) - December 31			(\$47,414)	(\$133,681)

CITY OF GRAND RAPIDS, MINNESOTA

SPECIAL REVENUE FUND - 231 HAZ-MAT

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		2020	
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Other Revenue	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
State:				
Haz-Mat reimbursement	60,000	60,000	65,057	59,560
Total revenues	60,000	60,000	65,057	59,560
Expenditures:				
Public safety:				
Current:				
Personnel services	26,200	26,200	24,132	18,712
Materials and supplies	13,800	13,800	13,047	26,401
Other services and charges	20,000	20,000	17,469	13,265
Capital outlay	-	-	10,409	1,182
Total expenditures	60,000	60,000	65,057	59,560
Revenues over (under) expenditures	\$0	\$0	0	0
Fund balance - January 1			1,009	1,009
Fund balance - December 31			\$1,009	\$1,009

CITY OF GRAND RAPIDS, MINNESOTA**SPECIAL REVENUE FUND - 232 POLICE FORFEITURE****Statement 32****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		2020	
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Intergovernmental	\$8,000	\$8,000	\$2,438	\$10,136
Fines and forfeits	-	-	1,861	525
Investment income	-	-	613	805
Miscellaneous	500	500	10,113	-
Total revenues	8,500	8,500	15,025	11,466
Expenditures:				
Public safety:				
Current:				
Materials and supplies	3,500	3,500	13,043	10,496
Other services and charges	2,000	2,000	-	1,200
Capital outlay	20,000	20,000	-	-
Total expenditures	25,500	25,500	13,043	11,696
Revenues over (under) expenditures	(17,000)	(17,000)	1,982	(230)
Other financing sources:				
Transfers out	-	-	-	-
Net change in fund balance	(\$17,000)	(\$17,000)	1,982	(230)
Fund balance - January 1			76,220	76,450
Fund balance - December 31			\$78,202	\$76,220

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 33

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
General property taxes	\$202,728	\$202,728	\$199,310	\$189,203
Intergovernmental:				
State:				
Supplemental aid	10,084	10,084	10,084	9,583
Other	-	-	21,282	0
Charges for services:				
Cemetery	35,150	35,150	51,908	56,314
Investment income	650	650	530	648
Other	1,000	1,000	1,195	1,624
Total revenues	249,612	249,612	284,309	257,372
Expenditures:				
Public works:				
Current:				
Personnel services	189,622	189,622	214,954	201,295
Materials and supplies	14,600	14,600	10,378	13,306
Other services and charges	45,390	45,390	33,662	32,765
Capital Outlay	-	-	82,641	32,475
Total expenditures	249,612	249,612	341,635	279,841
Revenues over (under) expenditures	-	-	(57,326)	(22,469)
Other financing sources:				
Transfers in	-	-	82,585	32,475
Net change in fund balance	\$0	\$0	25,259	10,006
Fund balance - January 1			110,397	100,391
Fund balance - December 31			\$135,656	\$110,397

CITY OF GRAND RAPIDS, MINNESOTA**SPECIAL REVENUE FUND - 235 DOMESTIC ANIMAL CONTROL FACILITY****Statement 34****SCHEDULE OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		2020	
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues:				
Intergovernmental	\$3,000	\$3,000	\$3,262	\$3,000
Fines and forfeits	36,500	36,500	22,530	35,281
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	39,500	39,500	25,792	38,281
Expenditures:				
Public safety:				
Current:				
Personnel services	49,251	49,251	47,586	44,908
Materials and supplies	3,500	3,500	3,412	1,978
Other services and charges	18,525	18,525	13,569	14,614
Total expenditures	71,276	71,276	64,567	61,500
Revenues over (under) expenditures	(31,776)	(31,776)	(38,775)	(23,219)
Other financing sources:				
Transfers in	31,776	31,776	37,778	24,100
Net change in fund balance	\$0	\$0	(997)	881
Fund balance - January 1			11,504	10,623
Fund balance - December 31			\$10,507	\$11,504

CITY OF GRAND RAPIDS, MINNESOTA
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 35

	<u>872 Lodging Tax</u>	<u>877 Cable TV Commision</u>	<u>Total</u>
Assets:			
Cash and investments	\$18,232	\$77,554	\$95,786
Receivables:			
Accounts	-	-	-
Prepaid items	-	580	580
Total assets	<u>18,232</u>	<u>78,134</u>	<u>96,366</u>
Liabilities:			
Accounts payable	<u>18,232</u>	<u>78,134</u>	<u>96,366</u>
Total liabilities	<u>18,232</u>	<u>78,134</u>	<u>96,366</u>
Net position:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GRAND RAPIDS, MINNESOTA**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****Statement 36****CUSTODIAL FUNDS**

For The Year Ended December 31, 2021

With Comparative Totals For The Year Ended December 31, 2020

	872 Lodging Tax	877 Cable TV Commision	Totals	
			2021	2020
Additions:				
Lodging tax collections	\$356,555	\$ -	\$356,555	\$252,385
Cable franchise fee collections	-	259,158	259,158	314,553
Total additions	356,555	259,158	615,713	566,938
Deductions:				
Payments to other entities	337,595	251,467	589,062	546,532
Administrative fees	18,960	7,691	26,651	20,406
Total deductions	356,555	259,158	615,713	566,938
Net increase (decrease) in fiduciary net position	-	-	-	-
Net position - beginning	-	-	-	-
Net position - ending	\$ -	\$ -	\$ -	\$ -

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COMPONENT UNIT

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

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CITY OF GRAND RAPIDS, MINNESOTA
COMBINING BALANCE SHEET
ECONOMIC DEVELOPMENT AUTHORITY COMPONENT UNIT
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 37

Assets	General	Capital Project	Totals	
			2021	2020
Cash and investments	\$18,096	\$866,047	\$884,143	\$954,130
Accounts receivable	-	47,080	47,080	49,489
Due from other governmental units	-	18,551	18,551	8,857
Inventory - land held for resale	-	3,401,507	3,401,507	2,995,877
Prepaid expenses	-	-	-	2,000
Notes receivable	-	1,042,609	1,042,609	1,230,652
Total assets	<u>\$18,096</u>	<u>\$5,375,794</u>	<u>\$5,393,890</u>	<u>\$5,241,005</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$15,799	\$15,799	\$27,061
Deposits payable	-	1,605	1,605	1,535
Due to primary government	-	-	-	600
Due to other governmental units	-	80,361	80,361	105,452
Total liabilities	<u>0</u>	<u>97,765</u>	<u>97,765</u>	<u>134,648</u>
Deferred inflows of resources:				
Unavailable revenue	-	4,456,924	4,456,924	4,230,984
Total deferred inflows of resources	<u>0</u>	<u>4,456,924</u>	<u>4,456,924</u>	<u>4,230,984</u>
Fund balance:				
Nonspendable	-	-	-	2,000
Assigned	-	821,105	821,105	870,493
Unassigned	18,096	-	18,096	2,880
Total fund balance	<u>18,096</u>	<u>821,105</u>	<u>839,201</u>	<u>875,373</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$18,096</u>	<u>\$5,375,794</u>	<u>\$5,393,890</u>	<u>\$5,241,005</u>

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, 2021

With Comparative Totals For The Year Ended December 31, 2020

	General	Capital Project	Totals	
			2021	2020
Revenues:				
General property taxes	\$30,000	\$25,175	\$55,175	\$56,221
Intergovernmental	-	166,417	166,417	747,173
Charges for services	-	3,705	3,705	11,817
Investment income	95	6,913	7,008	9,609
Contributions	-	-	-	-
Miscellaneous:				
Loan repayment	-	302,023	302,023	267,922
Other	-	38,039	38,039	36,914
Total revenues	30,095	542,272	572,367	1,129,656
Expenditures:				
Economic development:				
Current:				
Materials and supplies	12	-	12	13
Other services and charges	14,867	289,652	304,519	224,592
Grants issued	-	-	-	411,000
Loan disbursement	-	120,000	120,000	1,045,000
Capital outlay	-	134,927	134,927	-
Debt service:				
Principal	-	210,489	210,489	51,418
Interest	-	4,092	4,092	12,666
Total expenditures	14,879	759,160	774,039	1,744,689
Revenues over (under) expenditures	15,216	(216,888)	(201,672)	(615,033)
Other financing sources:				
Sale of land held for resale	-	25,500	25,500	175,000
Proceeds from loan issuance	-	140,000	140,000	650,000
Total other financial sources	-	165,500	165,500	825,000
Net change in fund balance	15,216	(51,388)	(36,172)	209,967
Fund balance - January 1	2,880	872,493	875,373	665,406
Fund balance - December 31	\$18,096	\$821,105	\$839,201	\$875,373

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			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$30,975,963	\$31,861,617	\$33,830,578	\$33,884,548
Restricted	12,077,081	12,808,310	10,281,228	9,803,311
Unrestricted	7,680,276	7,617,727	4,784,327	4,927,309
Total governmental activities net position	<u>\$50,733,320</u>	<u>\$52,287,654</u>	<u>\$48,896,133</u>	<u>\$48,615,168</u>
Business type activities:				
Net investment in capital assets	\$2,755,540	\$2,864,018	\$2,894,190	\$2,841,005
Restricted	-	-	-	-
Unrestricted	339,608	272,420	424,469	494,673
Total business-type activities net position	<u>\$3,095,148</u>	<u>\$3,136,438</u>	<u>\$3,318,659</u>	<u>\$3,335,678</u>
Primary government:				
Net investment in capital assets	\$33,731,503	\$34,725,635	\$36,724,768	\$36,725,553
Restricted	12,077,081	12,808,310	10,281,228	9,803,311
Unrestricted	8,019,884	7,890,147	5,208,796	5,421,982
Total primary government net position	<u>\$53,828,468</u>	<u>\$55,424,092</u>	<u>\$52,214,792</u>	<u>\$51,950,846</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$36,971,014	\$37,512,555	\$40,214,116	\$42,846,042	\$45,277,093	\$48,653,953
10,100,529	13,147,731	10,060,607	10,896,992	10,530,098	9,519,302
2,940,736	(1,186,433)	814,352	1,270,800	2,115,273	3,420,365
<u>\$50,012,279</u>	<u>\$49,473,853</u>	<u>\$51,089,075</u>	<u>\$55,013,834</u>	<u>\$57,922,464</u>	<u>\$61,593,620</u>
\$2,797,345	\$2,904,137	\$2,954,613	\$2,888,261	\$2,708,980	\$2,756,809
-	-	-	-	-	-
337,782	14,513	(60,547)	(74,841)	214,488	624,115
<u>\$3,135,127</u>	<u>\$2,918,650</u>	<u>\$2,894,066</u>	<u>\$2,813,420</u>	<u>\$2,923,468</u>	<u>\$3,380,924</u>
\$39,768,359	\$40,416,692	\$43,168,729	\$45,734,303	\$47,986,073	\$51,410,762
10,100,529	13,147,731	10,060,607	10,896,992	10,530,098	9,519,302
3,278,518	(1,171,920)	753,805	1,195,959	2,329,761	4,044,480
<u>\$53,147,406</u>	<u>\$52,392,503</u>	<u>\$53,983,141</u>	<u>\$57,827,254</u>	<u>\$60,845,932</u>	<u>\$64,974,544</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$2,206,280	\$2,420,199	\$3,701,667	\$2,993,026
Public safety	2,929,368	3,117,628	3,382,829	3,674,182
Public works	6,772,303	5,601,025	5,417,245	5,239,892
Culture and recreation	2,235,595	2,000,748	2,054,143	2,028,067
Interest and fees on long-term debt	921,653	1,309,223	834,833	740,526
Total governmental activities expenses	<u>15,065,199</u>	<u>14,448,823</u>	<u>15,390,717</u>	<u>14,675,693</u>
Business-type activities:				
Golf course	561,484	554,933	554,859	598,114
Storm water utility	341,287	434,932	425,389	440,557
Total business-type activities expenses	<u>902,771</u>	<u>989,865</u>	<u>980,248</u>	<u>1,038,671</u>
Total primary government expenses	<u>\$15,967,970</u>	<u>\$15,438,688</u>	<u>\$16,370,965</u>	<u>\$15,714,364</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$434,949	\$590,194	\$563,808	\$565,218
Public safety	433,622	478,032	527,001	561,365
Public works	419,069	716,553	424,349	323,177
Culture and recreation:				
Ice rent	440,565	451,836	474,909	484,801
Other activities	521,523	500,351	526,763	532,720
Operating grants and contributions	1,572,878	1,358,914	1,980,477	1,615,576
Capital grants and contributions	3,737,070	3,439,782	1,757,480	806,243
Total governmental activities program revenues	<u>7,559,676</u>	<u>7,535,662</u>	<u>6,254,787</u>	<u>4,889,100</u>
Business-type activities:				
Charges for services:				
Golf course	561,653	524,670	555,588	589,499
Storm water utility	498,189	551,049	553,074	563,011
Operating grants and contributions	-	-	-	-
Capital grants and contributions	100	-	46,388	-
Total business-type activities program revenues	<u>1,059,942</u>	<u>1,075,719</u>	<u>1,155,050</u>	<u>1,152,510</u>
Total primary government program revenues	<u>\$8,619,618</u>	<u>\$8,611,381</u>	<u>\$7,409,837</u>	<u>\$6,041,610</u>
Net (expense) revenue:				
Governmental activities	(\$7,505,523)	(\$6,913,161)	(\$9,135,930)	(\$9,786,593)
Business-type activities	157,171	85,854	174,802	113,839
Total primary government net (expense) revenue	<u>(7,348,352)</u>	<u>(6,827,307)</u>	<u>(8,961,128)</u>	<u>(9,672,754)</u>

Table 2
Page 1 of 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$3,649,895	\$3,096,685	\$3,027,254	\$4,330,097	\$4,566,308	\$3,727,831
4,208,454	3,807,777	3,551,574	3,872,939	3,811,071	3,907,045
5,646,605	6,368,065	6,569,274	8,735,821	7,451,179	6,633,805
2,367,449	2,327,649	2,387,392	2,215,769	1,825,496	1,954,824
731,702	871,133	662,757	654,344	625,932	715,158
16,604,105	16,471,309	16,198,251	19,808,970	18,279,986	16,938,663
651,127	683,231	628,752	630,928	636,642	712,099
688,176	701,325	755,772	743,983	657,178	613,529
1,339,303	1,384,556	1,384,524	1,374,911	1,293,820	1,325,628
\$17,943,408	\$17,855,865	\$17,582,775	\$21,183,881	\$19,573,806	\$18,264,291
\$458,276	\$559,770	\$425,485	\$1,126,227	\$649,606	\$591,979
580,225	587,714	614,953	717,861	781,224	879,364
326,167	1,048,588	897,927	488,316	1,387,390	505,483
496,778	509,811	526,840	562,840	421,120	588,587
551,263	531,064	463,216	450,658	383,881	305,231
2,262,521	1,179,042	1,878,743	2,536,708	3,169,921	2,153,675
3,523,916	1,410,953	2,730,703	7,022,082	1,088,517	4,403,281
8,199,146	5,826,942	7,537,867	12,904,692	7,881,659	9,427,600
569,276	567,053	582,728	597,184	653,736	781,728
567,357	592,947	718,751	696,628	746,488	875,888
-	-	-	-	-	-
-	-	-	-	-	115,400
1,136,633	1,160,000	1,301,479	1,293,812	1,400,224	1,773,016
\$9,335,779	\$6,986,942	\$8,839,346	\$14,198,504	\$9,281,883	\$11,200,616
(\$8,404,959)	(\$10,644,367)	(\$8,660,384)	(\$6,904,278)	(\$10,398,327)	(\$7,511,063)
(202,670)	(224,556)	(83,045)	(81,099)	106,404	447,388
(8,607,629)	(10,868,923)	(8,743,429)	(6,985,377)	(10,291,923)	(7,063,675)

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

	Fiscal Year			
	2012	2013	2014	2015
General revenues and other changes in net position				
Governmental activities:				
Taxes	\$5,725,515	\$5,896,074	\$6,022,589	\$6,640,739
Payments in lieu of taxes (PILOT)	854,998	901,179	903,494	902,766
Unrestricted grants and contributions	1,382,817	1,442,510	1,740,285	1,742,132
Investment earnings	128,235	80,298	122,519	109,041
Gain on sale of capital assets	83,853	67,523	6,900	-
Insurance recoveries and other	63,471	26,696	20,924	7,450
Special item - Grand Rapids / Itasca County Airport	-	-	-	-
Special item - merger with Grand Rapids Township	-	-	-	-
Transfers	103,500	53,215	3,500	103,500
Total governmental activities	<u>8,342,389</u>	<u>8,467,495</u>	<u>8,820,211</u>	<u>9,505,628</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	5,885	3,385	6,919	6,349
Gain on sale of capital assets	5,530	5,266	-	331
Insurance recoveries	-	-	4,000	-
Transfers	(103,500)	(53,215)	(3,500)	(103,500)
Total business-type activities	<u>(92,085)</u>	<u>(44,564)</u>	<u>7,419</u>	<u>(96,820)</u>
Total primary government	<u>\$8,250,304</u>	<u>\$8,422,931</u>	<u>\$8,827,630</u>	<u>\$9,408,808</u>
Change in net position:				
Government activities	\$3,402,619	\$961,972	\$1,907,050	\$369,698
Business-type activities	40,858	112,607	93,273	77,982
Total primary government	<u>\$3,443,477</u>	<u>\$1,074,579</u>	<u>\$2,000,323</u>	<u>\$447,680</u>

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

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$6,945,795	\$7,239,603	\$7,354,409	\$7,629,869	\$7,659,562	\$7,924,863
903,478	906,119	915,788	913,682	911,762	914,886
1,776,992	1,759,578	1,864,606	1,843,498	2,086,492	2,096,967
107,331	121,034	133,871	206,030	136,466	107,623
14,196	60,429	21,576	199,455	2,512,675	67,402
50,778	15,678	14,856	-	-	70,478
-	-	-	-	-	-
-	-	-	33,003	-	-
3,500	3,500	(29,500)	3,500	-	-
9,802,070	10,105,941	10,275,606	10,829,037	13,306,957	11,182,219
-	1,000	-	-	-	-
5,619	3,884	3,322	3,953	3,644	5,229
-	5,750	895	-	-	-
-	945	24,744	-	-	-
(3,500)	(3,500)	29,500	(3,500)	-	-
2,119	8,079	58,461	453	3,644	5,229
\$9,804,189	\$10,114,020	\$10,334,067	\$10,829,490	\$13,310,601	\$11,187,448
\$15,477	\$1,700,982	(\$368,761)	\$3,924,759	\$2,908,630	\$3,671,156
115,958	(194,591)	(166,095)	(80,646)	110,048	452,617
\$131,435	\$1,506,391	(\$534,856)	\$3,844,113	\$3,018,678	\$4,123,773

CITY OF GRAND RAPIDS, MINNESOTA**FUND BALANCES - GOVERNMENTAL FUNDS⁽¹⁾**

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
General Fund:				
Fund balance:				
Nonspendable	\$882,863	\$607,301	\$401,947	\$306,783
Restricted	13,186	12,479	14,268	17,185
Committed	156,520	243,403	331,201	422,995
Unassigned	4,463,866	4,633,494	4,903,066	5,253,912
Total general fund	<u>5,516,435</u>	<u>5,496,677</u>	<u>5,650,482</u>	<u>6,000,875</u>
All other governmental funds:				
Fund balance:				
Nonspendable	408,722	206,417	23,387	26,659
Restricted	7,830,851	8,922,847	6,607,864	7,012,776
Committed	662,669	601,378	636,819	646,943
Assigned	1,989,644	1,684,947	1,819,910	2,076,696
Unassigned	(964,192)	(546,851)	(117,775)	(184,210)
Total all other government funds	<u>9,927,694</u>	<u>10,868,738</u>	<u>8,970,205</u>	<u>9,578,864</u>
Total all funds	<u>\$15,444,129</u>	<u>\$16,365,415</u>	<u>\$14,620,687</u>	<u>\$15,579,739</u>

Table 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$636,954	\$1,108,226	\$1,146,321	\$1,236,463	\$1,471,076	\$1,652,993
17,577	21,677	19,419	22,535	35,950	39,516
517,869	613,922	713,901	817,236	925,572	1,049,832
5,066,530	4,526,746	4,339,372	4,544,575	4,909,111	4,812,207
6,238,930	6,270,571	6,219,013	6,620,809	7,341,709	7,554,548
18,334	37,351	38,130	79,738	52,941	45,109
7,033,902	9,945,077	7,212,565	7,108,403	6,792,754	6,282,145
804,728	748,398	736,371	780,416	853,737	931,143
1,480,898	1,433,487	2,110,453	1,677,812	1,811,774	2,364,975
(579,562)	(929,731)	(798,902)	(537,062)	(944,929)	(1,920,561)
8,758,300	11,234,582	9,298,617	9,109,307	8,566,277	7,702,811
\$14,997,230	\$17,505,153	\$15,517,630	\$15,730,116	\$15,907,986	\$15,257,359

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$6,553,504	\$6,772,986	\$6,951,608	\$7,549,081
Licenses and permits	202,354	324,015	275,941	343,241
Intergovernmental	4,434,468	4,671,032	5,014,278	3,887,034
Special assessments	1,546,363	1,760,500	990,937	835,650
Charges for services	3,658,568	2,160,357	2,021,418	1,945,088
Fines and forfeits	160,984	204,756	172,374	150,911
Investment income	128,235	80,298	122,519	109,041
Other	350,181	388,486	441,708	378,950
Total revenues	17,034,657	16,362,430	15,990,783	15,198,996
Expenditures:				
Current:				
General government	1,864,611	2,013,753	2,591,609	2,318,002
Public safety	2,639,573	2,829,259	3,074,009	3,224,886
Public works	2,786,207	2,853,198	3,188,479	2,575,664
Culture and recreation	1,709,487	1,731,099	1,735,137	1,720,627
Miscellaneous	393,733	523,877	570,460	545,535
Capital outlay/construction	7,640,162	6,370,341	3,698,823	749,073
Decertify TIF districts	-	-	-	-
Debt service:				
Principal retirement	3,239,850	3,925,000	5,040,000	2,475,000
Interest	802,977	881,735	815,457	764,607
Paying agent fees	8,630	8,855	8,775	8,000
Bond issuance costs	127,049	112,905	70,491	-
Total expenditures	21,212,279	21,250,022	20,793,240	14,381,394
Revenues over (under) expenditures	(4,177,622)	(4,887,592)	(4,802,457)	817,602
Other financing sources (uses):				
Sale of capital assets	51,788	55,254	6,900	2,000
Capital lease proceeds	-	-	-	-
Issuance of refunding bonds	-	1,525,000	-	-
Bond issuance/bond premium	7,397,605	4,134,377	3,000,000	-
Insurance recoveries	105,707	41,032	47,329	35,950
Redemption of refunded bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	705,445	1,855,266	1,053,297	602,038
Transfers out	(601,945)	(1,802,051)	(1,049,797)	(498,538)
Total other financing sources (uses)	7,658,600	5,808,878	3,057,729	141,450
Special items:				
Grand Rapids / Itasca County Airport	-	-	-	-
Merger with Grand Rapids Township	-	-	-	-
Net change in fund balance	\$3,480,978	\$921,286	(\$1,744,728)	\$959,052
Debt service as a percentage of noncapital expenditures	28.2%	28.8%	33.4%	23.5%

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$7,802,196	\$8,179,557	\$8,217,883	\$8,490,925	\$8,536,045	\$8,758,762
259,518	332,376	212,505	499,947	450,688	384,777
5,726,983	3,771,612	5,860,934	10,498,053	5,742,470	8,423,475
989,932	631,282	762,813	514,977	432,474	341,486
1,980,441	2,083,233	2,089,178	2,163,196	2,067,732	2,219,548
140,003	116,367	114,828	112,553	92,407	98,337
107,331	121,034	133,871	206,030	136,466	107,623
899,017	1,093,069	712,397	312,273	1,063,428	242,963
17,905,421	16,328,530	18,104,409	22,797,954	18,521,710	20,576,971
3,047,872	2,404,189	2,426,762	3,525,148	2,960,690	3,094,350
3,338,016	3,340,909	3,608,088	3,798,604	3,847,373	4,020,689
2,731,258	2,822,303	2,795,132	2,864,435	2,984,860	3,275,655
1,947,341	1,931,650	2,015,958	1,869,413	1,525,058	1,663,705
514,541	553,452	562,856	332,564	1,214,096	569,299
5,870,681	4,736,594	4,546,229	8,813,591	7,745,469	12,160,921
-	91,038	-	95,693	-	-
2,590,000	2,597,000	5,420,000	2,480,000	2,480,000	2,515,000
711,789	680,534	669,089	629,512	613,237	578,766
7,600	7,150	6,250	6,350	6,850	6,600
52,693	112,018	60,199	50,948	57,920	116,617
20,811,791	19,276,837	22,110,563	24,466,258	23,435,553	28,001,602
(2,906,370)	(2,948,307)	(4,006,154)	(1,668,304)	(4,913,843)	(7,424,631)
55,400	133,885	47,887	210,616	2,526,905	51,402
-	-	-	-	-	-
-	3,013,286	-	-	2,275,000	6,255,000
2,214,183	2,289,881	1,973,026	1,647,547	83,520	370,304
50,778	15,678	27,218	19,127	206,288	97,298
-	-	-	-	-	-
-	-	-	-	-	-
1,002,717	4,116,142	2,096,040	982,070	806,486	1,297,912
(999,217)	(4,112,642)	(2,125,540)	(978,570)	(806,486)	(1,297,912)
2,323,861	5,456,230	2,018,631	1,880,790	5,091,713	6,774,004
-	-	-	-	-	-
-	-	-	-	-	-
(\$582,509)	\$2,507,923	(\$1,987,523)	\$212,486	\$177,870	(\$650,627)
22.1%	21.3%	32.8%	16.7%	16.5%	16.4%

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
General government	\$493,124	\$597,344	\$566,308	\$594,476
Public safety	1,073,037	1,100,379	1,122,613	1,141,745
Public works	4,825,540	4,537,627	3,325,271	1,922,976
Culture and recreation	1,014,136	1,066,206	1,059,045	1,070,269
Other	-	-	-	-
Total governmental activities program revenues	<u>7,405,837</u>	<u>7,301,556</u>	<u>6,073,237</u>	<u>4,729,466</u>
Business-type activities:				
Golf course	561,753	524,670	555,588	589,499
Storm water utility	498,189	551,049	553,074	563,011
Total business-type activities program revenues	<u>1,059,942</u>	<u>1,075,719</u>	<u>1,108,662</u>	<u>1,152,510</u>
Total primary government program revenues	<u><u>\$8,465,779</u></u>	<u><u>\$8,377,275</u></u>	<u><u>\$7,181,899</u></u>	<u><u>\$5,881,976</u></u>

Table 5

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$781,676	\$567,926	\$486,735	\$1,261,059	\$1,627,440	\$1,352,643
1,083,258	1,133,127	1,154,522	1,393,344	1,322,337	1,516,232
3,971,370	2,785,332	4,360,082	8,941,143	3,638,837	5,628,437
2,115,700	1,108,439	1,494,977	1,255,309	1,263,344	905,912
-	232,118	41,551	34,710	29,701	24,376
7,952,004	5,826,942	7,537,867	12,885,565	7,881,659	9,427,600
569,276	567,053	582,728	597,184	653,736	781,728
567,357	592,947	718,751	696,628	746,488	875,888
1,136,633	1,160,000	1,301,479	1,293,812	1,400,224	1,657,616
\$9,088,637	\$6,986,942	\$8,839,346	\$14,179,377	\$9,281,883	\$11,085,216

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
2012	4,709,194	4,226,300	445,047	9,380,541	1,075,330	8,305,211	69.485	780,687,600	1.06%
2013	4,505,919	4,181,742	653,369	9,341,030	1,127,446	8,213,584	68.999	769,618,250	1.07%
2014	4,496,682	3,933,451	618,235	9,048,368	1,120,826	7,927,542	79.308	754,740,246	1.05%
2015	4,571,503	3,906,927	681,838	9,160,268	933,840	8,226,428	79.245	762,916,480	1.08%
2016	4,724,671	3,974,339	819,387	9,518,397	1,109,824	8,408,573	79.232	786,530,358	1.07%
2017	4,756,343	3,960,710	882,231	9,599,284	1,192,888	8,406,396	82.208	792,082,220	1.06%
2018	4,757,558	3,908,563	937,951	9,604,072	1,216,383	8,387,689	82.493	795,696,602	1.05%
2019	5,115,784	3,801,713	910,424	9,827,921	1,219,912	8,608,009	83.290	824,925,900	1.04%
2020	5,144,945	3,818,146	789,321	9,752,412	1,152,780	8,599,632	83.457	822,147,100	1.05%
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%

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	
2012	54.893	14.592	69.485	47.702	17.774	0.228	135.189
2013	54.778	14.221	68.999	50.869	17.862	0.247	137.977
2014	60.623	18.685	79.308	53.852	18.583	0.260	152.003
2015	59.934	19.311	79.245	55.038	16.618	0.115	151.016
2016	62.105	17.127	79.232	58.157	16.530	0.296	154.215
2017	63.426	18.782	82.208	60.240	16.909	0.293	159.650
2018	63.881	18.612	82.493	62.465	17.189	0.254	162.401
2019	65.202	18.088	83.290	64.844	24.182	0.298	172.614
2020	65.307	18.150	83.457	67.034	23.901	0.305	174.697
2021	66.095	17.359	83.454	62.770	21.635	0.281	168.140

Source: Itasca County Auditor's Office

CITY OF GRAND RAPIDS, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Table 8

Taxpayer	2021			2012		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
UPM Blandin Paper Mill	\$540,541	1	5.48%	\$723,541	1	7.85%
Enbridge Energy, LP	355,972	2	3.61%	266,807	2	2.90%
Wal-Mart Stores	158,024	3	1.60%	224,356	3	2.43%
Enbridge Energy Pipelines	126,850	4	1.28%	139,206	4	1.51%
Majestic Pines	125,977	5	1.28%			
Grand Hospitality LLC	123,700	6	1.25%	131,077	5	1.42%
Grand Rapids Healthcare	118,341	7	1.20%			
Grand Itasca Clinic & Hospital	112,267	8	1.14%	119,112	6	1.29%
ASV, Inc. *	110,910	9	1.12%			
Arrowhead Promotion & Fulfillment Co	103,964	10	1.05%	113,340	8	1.23%
Target Corporation				116,982	7	1.27%
Home Depot USA, Inc				108,352	9	1.18%
Grand Rapids State Bank				80,925	10	0.88%
Total principal taxpayers	1,876,546		19.01%	2,023,698		21.96%
All other taxpayers	7,995,986		80.99%	7,191,071		78.04%
Total	<u>\$9,872,532</u>		<u>100.00%</u>	<u>\$9,214,769</u>		<u>100.00%</u>

Source: Itasca County Auditor's Office

Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Itasca County.

*Formerly Terex Corp., Inc.

CITY OF GRAND RAPIDS, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 9

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$5,910,987	\$5,863,061	99.19%	\$46,826	\$5,909,887	99.98%
2013	6,125,207	6,013,791	98.18%	101,422	6,115,213	99.84%
2014	6,281,859	6,201,927	98.73%	79,932	6,281,859	100.00%
2015	6,845,166	6,774,792	98.97%	70,374	6,845,166	100.00%
2016	6,951,560	6,847,996	98.51%	86,123	6,934,119	99.75%
2017	7,258,674	7,169,418	98.77%	47,974	7,217,392	99.43%
2018	7,408,178	7,249,845	97.86%	54,730	7,304,575	98.60%
2019	7,689,023	7,545,606	98.13%	60,840	7,606,446	98.93%
2020	7,793,670	7,698,321	98.78%	40,614	7,738,935	99.30%
2021	8,079,328	7,864,173	97.34%	-	7,864,173	97.34%

Source: Itasca County Auditor's Office

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

Table 10

Fiscal Year	Governmental Activities					Business-type Activities	Total Primary Government	Bonded Debt Per Capita
	General Obligation Bonds	General Obligation Impr Bonds	Tax Increment Bonds	Other Debt	Total Governmental Activities	Capital Leases		
2012	\$3,255,000	\$22,530,000	\$820,000	\$1,200,843	\$27,805,843	\$ -	\$27,805,843	2,558
2013	6,835,000	20,600,000	805,000	1,264,593	29,504,593	-	29,504,593	2,715
2014	6,475,141	20,054,957	790,000	108,868	27,428,966	-	27,428,966	2,524
2015	5,794,793	18,268,519	770,000	85,224	24,918,536	-	24,918,536	2,293
2016	7,276,630	16,417,458	750,000	61,580	24,505,668	-	24,505,668	2,255
2017	8,821,458	17,584,683	730,000	40,936	27,177,077	111,968	27,289,045	2,386
2018	9,664,438	13,270,296	705,000	27,292	23,667,026	85,564	23,752,590	2,086
2019	10,678,913	11,416,220	680,000	13,648	22,788,781	58,129	22,846,910	2,006
2020	12,429,876	9,537,720	650,000	-	22,617,596	29,621	22,647,217	1,988
2021	18,320,191	7,751,432	615,000	-	26,686,623	-	26,686,623	2,399

Note: Personal income not available.

Excludes component units.

Includes unamortized issuance premium for 2014 through 2021

CITY OF GRAND RAPIDS, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Table 11

General Bonded Debt Outstanding					
<u>Fiscal Year</u>	<u>General Obligation Bonds <i>c</i></u>	<u>Less Amounts Restricted for Debt service</u>	<u>Net General Obligation Bonded Debt</u>	<u>Percentage of Estimated Market Value <i>a</i></u>	<u>Bonded Debt Per Capita <i>b</i></u>
2012	\$3,255,000	\$148,221	\$3,106,779	0.3980%	285.84
2013	6,835,000	959,776	5,875,224	0.7634%	540.55
2014	6,475,141	1,232,228	5,242,913	0.6947%	482.37
2015	5,794,793	1,252,221	4,542,572	0.5954%	417.94
2016	7,276,630	2,100,311	5,176,319	0.6581%	476.25
2017	8,821,458	2,913,286	5,908,172	0.7459%	516.67
2018	9,664,438	2,690,044	6,974,394	0.8765%	612.38
2019	10,678,913	3,716,614	6,962,299	0.8440%	611.32
2020	12,429,876	3,903,822	8,526,054	1.0370%	748.56
2021	18,320,191	4,051,168	14,269,023	1.7063%	1,282.49

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 2021

CITY OF GRAND RAPIDS, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2021

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⁾	\$26,686,623	100.00%	\$26,686,623
Overlapping debt:			
Itasca County	68,245,000	13.58%	9,270,870
School District 318	<u>56,195,000</u>	19.61%	<u>11,020,270</u>
Total overlapping debt	<u>124,440,000</u>		<u>20,291,139</u>
Total direct and overlapping debt	<u><u>\$151,126,623</u></u>		<u><u>\$46,977,762</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 \$806,627.

(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 2021

Estimated Market value	\$836,239,865
Debt limit percentage*	3%
Debt limit amount	<u>25,087,196</u>
Debt applicable to limit:	
Lease revenue bonds	-
General obligation bonds	<u>18,320,191</u>
	18,320,191
Less:	
Cash and equivalents in G.O. Bond Debt Service Funds	<u>(2,572,388)</u>
Total net debt applicable to limit	<u>15,747,803</u>
Legal debt margin	<u><u>\$9,339,393</u></u>

Legal Debt Margin Calculation for Fiscal Years 2012 Through 2021

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
2012	10,869	\$23,420,628	\$2,565,287	\$20,855,341	10.95%	236.02
2013	10,869	23,088,548	5,798,436	17,290,112	25.11%	533.48
2014	10,869	22,642,207	5,393,126	17,249,081	23.82%	496.19
2015	10,869	22,887,494	4,581,451	18,306,043	20.02%	421.52
2016	10,869	23,595,911	5,471,587	18,124,324	23.19%	503.41
2017	11,435	23,762,467	6,588,263	17,174,204	27.73%	576.15
2018	11,389	23,870,898	7,606,103	16,264,795	31.86%	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

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	
2012	\$762,948	\$1,490,000	\$589,994	36.68%	\$172,671	\$15,000	\$36,497	335.30%
2013	697,612	1,610,000	587,496	31.75%	193,981	15,000	35,934	380.85%
2014	609,576	1,645,000	466,922	28.86%	180,957	15,000	35,371	359.25%
2015	551,895	1,315,000	437,515	31.49%	237,023	20,000	34,715	433.20%
2016	514,410	1,505,000	416,830	26.77%	372,139	20,000	33,965	689.59%
2017	412,018	1,495,000	380,497	21.97%	383,897	20,000	33,170	722.02%
2018	447,143	1,450,000	344,854	24.91%	362,772	25,000	28,371	679.72%
2019	404,464	1,510,000	296,329	22.39%	227,734	25,000	19,900	507.20%
2020	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%

Special assessment collections do not include prepayments.

Excludes component units.

CITY OF GRAND RAPIDS, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 15

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	10,869			9.90%
2013	10,869			7.60%
2014	10,869			6.70%
2015	10,869			8.47%
2016	10,869	Information Not Available		10.60%
2017	11,435			6.10%
2018	11,389			5.60%
2019	11,389			5.28%
2020	11,390			7.52%
2021	11,126			4.61%

Source: Minnesota Department of Employment and Economic Development

CITY OF GRAND RAPIDS, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318(1)	1,086	1	11.66%	600	1	6.49%
Grand Itasca Clinic & Hospital	680	2	7.30%	600	2	6.49%
Itasca County	454	3	4.88%	390	4	4.22%
Northland Counseling Center, Inc	250	4	2.68%			
UPM Blandin Paper Mill	225	5	2.42%	450	3	4.87%
Arrowhead Promo & Fulfillment	220	6	2.36%	290	5	3.14%
ASV Inc.(3)	215	7	2.31%	220	8	2.38%
Wal-Mart	183	8	1.97%	280	6	3.03%
City of Grand Rapids(1)	189	9	2.03%	225	7	2.43%
Grand Village Nursing Home(2)	150	10	1.61%	160	9	1.73%
Itasca Community College				140	10	1.51%
Total	3,652		39.22%	3,355		36.28%
All other employers	5,659		60.78%	5,892		63.72%
Total	9,311		100.00%	9,247		100.00%

Source: Minnesota Department of Employment and Economic Development

Source: ReferenceUSA, written and telephone survey (June 2020).

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

(2) Formerly known as Itasca County Nursing Home.

(3) Formerly Terex Corp., Inc.

CITY OF GRAND RAPIDS, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 17

Function/Program	Full-time Equivalent Employees as of December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00
Finance	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community development	4.05	4.05	4.05	4.05	4.55	4.55	4.55	5.55	5.55	4.55
Engineering	2.45	2.45	2.45	2.45	2.45	3.45	3.45	4.45	4.45	4.45
Information technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police officers and dispatchers	21.50	21.50	22.50	22.50	22.50	25.50	26.50	27.50	27.70	24.70
Public works	14.00	14.00	14.00	14.00	14.00	16.00	17.00	18.00	20.00	20.00
Parks and recreation	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	2.00	2.00
Library	8.75	8.75	8.75	8.75	8.50	8.50	8.50	8.50	6.50	7.50
Golf course	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	2.00
Total	65.75	66.75	67.75	67.75	68.00	74.00	73.00	79.00	78.20	76.20

The City has 30 paid-on-call firefighters.

Source: City Finance Department

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

Table 18

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical and sexual assaults	449	605	460	441	346	145	218	230	231	191
Parking citations	579	537	314	239	208	590	487	451	370	337
DUI arrests	199	135	211	117	110	94	72	73	52	56
Traffic citations	2,764	2,113	1,544	2,175	1,579	1,366	1232	1381	863	953
Accidents	536	543	568	495	451	416	535	412	320	358
Fire:										
Emergency responses	200	174	138	167	182	212	146	199	203	219
Haz-Mat responses	4	14	36	53	17	13	3	0	1	1
Inspections	69	62	100	55	6	5	8	19	28	26
Community development:										
Permits issued:										
Commercial	133	138	96	110	120	153	120	107	113	134
Governmental	14	16	25	20	29	22	12	12	13	14
Residential	495	442	373	401	405	382	393	442	386	378
Public works:										
Streets swept (miles)	93	93	93	93	93	93	93	94	94	94
Roads (miles)	93	93	93	93	93	93	93	94	94	94
Streetlights	1,321	1,326	1,325	1,325	1,325	1,578	1584	1630	1624	1,696
Parks and recreation:										
Playgrounds	10	10	10	11	11	11	11	11	11	11
Baseball/softball fields	7	7	7	7	7	7	7	7	7	7
Soccer fields	3	3	3	3	3	3	2	3	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
Library:										
Volumes in collection	79,866	75,343	75,173	75,751	74,541	70,991	73,332	74,073	73,670	72,425
Total volumes borrowed	187,035	183,311	172,438	173,954	163,483	160,089	183,169	191,876	98,190	131,131
Golf course:										
Number of passes sold										
Junior*	64	57	59	77	57	46	42	40	62	48
Young adult*	38	18	14	15	12	11	11	10	34	38
Single	120	106	110	107	128	113	99	101	101	127
Family	79	63	63	74	63	60	64	62	48	56

*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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	22	20	20	20
Fire stations	2	2	2	2	2	2	2	2	2	1
Public works:										
Miles of streets maintained	93	93	93	93	95	95	95	95	94	94
Miles of sidewalks maintained	91	91	91	100	103	103	104	103	48	48
Miles of curbs and gutters maintained	112	112	112	112	113	113	113.5	113	113	113
Parks and recreation:										
Community parks and playgrounds	24	24	24	26	25	25	25	25	25	25
Total acres	227	227	227	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, 2021

	Interest Rates	Issue Date	Final Maturity Date
General Obligation Tax Increment Bonds:			
Refunding TIF Bonds Series 2017B	4.20 - 4.60	12/28/2017	2/1/2034
Total General Obligation Tax Increment Bonds			
General Obligation Improvement Bonds:			
Improvement Bonds of 2007B	4.00 - 4.10	12/15/2007	4/1/2022
Improvement Bonds of 2009C	1.85 - 4.3	9/1/2009	2/1/2025
Improvement Bonds of 2010A	0.75 - 3.625	11/1/2010	2/1/2026
Improvement Refunding Bonds of 2011B	0.50 - 3.15	12/1/2011	2/1/2027
Improvement Bonds of 2012A	0.50 - 3.25	4/1/2012	2/1/2028
Improvement Bonds of 2012B	0.40 - 2.60	4/1/2012	10/1/2027
Improvement Bonds of 2013A	.30 - 1.35	5/8/2013	2/1/2021
Improvement Bonds of 2014A	0.50 - 2.90	11/1/2014	2/1/2030
Improvement Refunding Bonds of 2017B	2.3 - 3.0	12/28/2017	2/1/2034
Total General Obligation Improvement Bonds			
Other General Obligation Debt:			
Street Reconstruction Bonds of 2013B	3.00-3.50	9/1/2013	2/1/2029
Street Reconstruction Bonds of 2016A	0.850 - 2.2	10/5/2016	2/1/2032
Street Reconstruction Bonds of 2017A	3.0 - 3.45	9/7/2017	2/1/2033
Street Reconstruction Bonds of 2018A	3.0 - 3.25	10/18/2018	2/1/2034
G.O. Bonds of 2019A	2.0 - 3.0	9/5/2019	2/1/2035
Street Reconstruction Bonds of 2020A	1.60 - 2.00	11/5/2020	2/1/2036
G.O. Bonds of 2021B	2.00 - 2.75	7/1/2021	2/1/2042
Total Other General Obligation Debt			
Note payable - Block 20 & 21 Soil	0.00	8/5/2010	12/31/2029
Note payable - Airport Ind Park/Kent	0.00	7/16/2015	7/16/2035
Note payable - Blandin	0.00	2016	2026
Note payable - IRRRB (airport hangar)	1.00	12/2/2016	8/1/2036
Note payable - IEDC (airport hangar)	1.00	11/15/2015	11/1/2026
Note payable - VFW/Rose buildings	0.00	1/29/2021	1/29/2026
Note payable - Blandin	0.00	4/1/2020	10/1/2026
Note payable - Blandin	0.00	4/1/2020	10/1/2026
Revenue Bonds and Notes (Public Utilities):			
Taxable G.O. Wastewater Revenue Note of 2009E	2.90	11/10/2009	8/20/2029
Taxable G.O. Wastewater Revenue Bonds of 2011A	0.60-3.50	7/25/2011	12/1/2021
G.O. Utility Revenue Bonds of 2012D	2.00 - 3.35	4/1/2012	2/1/2033
Taxable G.O. Utility Revenue Bonds of 2013C	2.00-4.50	9/1/2013	2/1/2029
G.O. Utility Revenue Bonds of 2021A	0.25 - 0.63	5/27/2021	10/15/2025
G.O. Utility Revenue Bonds of 2021D	2.0 - 3.0	12/9/2021	2/1/2033
G.O. Utility Revenue Bonds of 2021C	0.45 - 1.25	9/2/2021	2/1/2029
Equipment Lease	2.64	10/15/2015	10/15/2025
Total Revenue Bonds (Public Utilities)			
Total bonded indebtedness			

Prior Years		Payable 01/01/21	2021		Payable 12/31/2021	Due in 2022	
Original Issue	Payments		Issued	Payments		Principal	Interest
\$705,000	\$55,000	\$650,000	-	\$35,000	\$615,000	\$35,000	\$17,050
705,000	55,000	650,000	0	35,000	615,000	35,000	17,050
1,150,000	1,000,000	150,000	-	75,000	75,000	75,000	1,538
4,565,000	2,835,000	1,730,000	-	325,000	1,405,000	340,000	64,335
1,115,000	745,000	370,000	-	60,000	310,000	60,000	9,700
1,555,000	1,045,000	510,000	-	70,000	440,000	70,000	11,962
2,245,000	990,000	1,255,000	-	145,000	1,110,000	150,000	31,147
4,175,000	2,110,000	2,065,000	-	280,000	1,785,000	280,000	37,728
1,525,000	1,350,000	175,000	-	175,000	-	-	-
3,000,000	1,165,000	1,835,000	-	205,000	1,630,000	200,000	37,330
2,215,000	880,000	1,335,000	-	440,000	895,000	435,000	20,325
21,545,000	12,120,000	9,425,000	0	1,775,000	7,650,000	1,610,000	214,065
4,025,000	1,150,000	2,620,000	-	260,000	2,360,000	260,000	71,688
2,170,000	245,000	1,795,000	-	135,000	1,660,000	135,000	32,510
2,130,000	90,000	1,920,000	-	125,000	1,795,000	125,000	55,050
1,960,000	-	1,870,000	-	115,000	1,755,000	115,000	52,063
1,585,000	-	1,585,000	-	70,000	1,515,000	90,000	36,580
2,275,000	-	2,275,000	-	-	2,275,000	125,000	38,613
-	-	-	6,255,000	-	6,255,000	-	153,075
14,145,000	1,485,000	12,065,000	6,255,000	705,000	17,615,000	850,000	439,579
100,000	-	100,000	-	-	100,000	-	-
350,000	87,500	262,500	-	17,500	245,000	17,500	-
175,000	73,460	101,540	-	27,910	73,630	-	-
293,000	8,422	284,578	-	16,487	268,091	16,652	2,639
90,000	34,963	55,037	-	8,952	46,085	9,041	461
-	-	-	140,000	-	140,000	-	-
550,000	-	550,000	-	123,838	426,162	-	-
100,000	-	100,000	-	15,803	84,197	-	-
26,370,232	12,589,232	13,781,000	-	1,362,000	12,419,000	1,531,000	393,356
3,965,000	3,465,000	500,000	-	500,000	-	-	-
2,025,000	655,000	1,370,000	-	100,000	1,270,000	100,000	33,438
2,305,000	755,000	1,550,000	-	145,000	1,405,000	150,000	55,350
-	-	-	872,000	96,500	775,500	193,000	3,092
-	-	-	1,120,000	-	1,120,000	-	19,720
-	-	-	1,210,000	-	1,210,000	15,000	9,667
1,832,571	868,279	964,292	-	964,292	-	-	-
36,497,803	18,332,511	18,165,292	3,202,000	3,167,792	18,199,500	1,989,000	514,623
\$74,550,803	\$32,196,856	\$41,758,947	\$9,597,000	\$5,893,282	\$45,462,665	\$4,527,193	\$1,188,417

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CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION BONDS
December 31, 2021

Exhibit 2

	Tax Increment Bonds Series 2017B	Street Reconstruction Bonds Series 2013B	Street Reconstruction Bonds Series 2016A	Street Reconstruction Bonds Series 2017A	Street Reconstruction Bonds Series 2018A	G.O Bonds Series 2019A	Street Reconstruction Bonds Series 2020A	Total
Bonds payable	\$615,000	\$2,360,000	\$1,660,000	\$1,795,000	\$1,755,000	\$1,515,000	\$2,275,000	\$11,975,000
Future interest payable	128,703	326,634	195,900	372,112	373,620	258,915	291,749	1,947,633
Totals	<u>\$743,703</u>	<u>\$2,686,634</u>	<u>\$1,855,900</u>	<u>\$2,167,112</u>	<u>\$2,128,620</u>	<u>\$1,773,915</u>	<u>\$2,566,749</u>	<u>\$13,922,633</u>
Payments to maturity:								
2022	\$52,050	\$331,688	\$167,510	\$180,050	\$167,062	\$126,580	\$163,613	\$1,188,553
2023	55,925	333,738	169,760	181,225	168,537	123,880	171,013	1,204,078
2024	49,800	335,488	166,960	182,250	164,937	126,105	173,262	1,198,801
2025	53,815	336,938	169,110	183,125	166,262	123,255	170,462	1,202,967
2026	52,895	337,713	171,160	183,850	167,438	130,255	172,612	1,215,922
2027	56,918	332,881	168,160	179,500	163,538	127,105	169,712	1,197,814
2028	55,725	337,325	170,110	179,963	164,563	128,880	171,762	1,208,328
2029	59,300	340,863	167,010	180,159	165,438	126,130	173,713	1,212,613
2030	62,725	-	168,860	180,118	161,238	128,880	170,613	872,434
2031	56,150	-	170,445	179,754	156,950	126,580	173,102	862,981
2032	59,575	-	166,815	179,058	162,419	129,170	171,103	868,140
2033	62,850	-	-	178,063	157,638	126,650	173,908	699,109
2034	65,975	-	-	-	162,600	124,070	171,515	524,160
2035	-	-	-	-	-	126,375	168,999	295,374
2036	-	-	-	-	-	-	171,360	171,360
	<u>\$743,703</u>	<u>\$2,686,634</u>	<u>\$1,855,900</u>	<u>\$2,167,112</u>	<u>\$2,128,620</u>	<u>\$1,773,915</u>	<u>\$2,566,749</u>	<u>\$13,922,630</u>

CITY OF GRAND RAPIDS, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION IMPROVEMENT BONDS
December 31, 2021

	2007B Improvement Bonds	2009C Improvement Bonds	2010A Improvement Bonds	2011B Improvement Refunding Bonds
Bonds payable	\$75,000	\$1,405,000	\$310,000	\$440,000
Future interest payable	1,538	149,537	27,886	41,254
Totals	<u>\$76,538</u>	<u>\$1,554,537</u>	<u>\$337,886</u>	<u>\$481,254</u>
Payments to maturity:				
2022	\$76,538	\$404,335	\$69,700	\$81,962
2023	-	391,866	67,750	80,142
2024	-	383,663	65,725	78,182
2025	-	374,673	68,534	81,007
2026	-	-	66,177	78,701
2027	-	-	-	81,260
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
2042	-	-	-	-
	<u>\$76,538</u>	<u>\$1,554,537</u>	<u>\$337,886</u>	<u>\$481,254</u>

2012A Improvement Bonds	2012B Improvement Bonds	2014A Improvement Bonds	2017B Improvement Refunding Bonds	2021B Improvement Bonds	Total
\$1,110,000	\$1,785,000	\$1,630,000	\$895,000	\$6,255,000	\$13,905,000
125,723	130,693	181,235	32,175	1,564,361	2,254,402
<u>\$1,235,723</u>	<u>\$1,915,693</u>	<u>\$1,811,235</u>	<u>927,175</u>	<u>\$7,819,361</u>	<u>\$16,159,402</u>
\$181,147	\$317,728	\$237,330	\$455,325	\$153,075	\$1,977,140
182,867	322,025	238,480	304,375	382,931	1,970,436
178,644	320,807	239,120	167,475	386,056	1,819,672
173,607	319,112	239,230	-	383,975	1,640,138
173,488	316,926	169,775	-	381,756	1,186,823
173,207	319,095	170,885	-	384,331	1,128,778
172,763	-	171,710	-	381,700	726,173
-	-	172,240	-	378,931	551,171
-	-	172,465	-	380,956	553,421
-	-	-	-	383,850	383,850
-	-	-	-	382,700	382,700
-	-	-	-	386,400	386,400
-	-	-	-	384,950	384,950
-	-	-	-	383,400	383,400
-	-	-	-	381,750	381,750
-	-	-	-	384,950	384,950
-	-	-	-	383,000	383,000
-	-	-	-	385,900	385,900
-	-	-	-	383,650	383,650
-	-	-	-	381,300	381,300
-	-	-	-	383,800	383,800
<u>\$1,235,723</u>	<u>\$1,915,693</u>	<u>\$1,811,235</u>	<u>\$927,175</u>	<u>\$7,819,361</u>	<u>\$16,159,402</u>

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CITY OF GRAND RAPIDS, MINNESOTA**TAXABLE VALUATIONS**

December 31, 2021

Exhibit 4

	2022 Tax Capacity Values	2021 Tax Capacity Values
Taxable valuations:		
Real estate	\$9,807,960	\$9,128,262
Personal property	703,981	769,972
Net tax capacity	10,511,941	\$9,898,234
Less: Captured tax increment value	(197,401)	(172,874)
Fiscal disparities contributions	(1,172,324)	(1,094,170)
Taxable net tax capacity	<u>\$9,142,216</u>	<u>\$8,631,190</u>

CITY OF GRAND RAPIDS, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
GENERAL OBLIGATION BONDS
December 31, 2021

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
2021/2022	(\$150,000)	303,548	\$55,611	\$55,779	\$133,284	\$104,470
2022/2023	(150,000)	303,716	53,936	54,615	129,704	106,465
2023/2024	(135,000)	303,165	57,510	58,407	124,414	108,145
2024/2025	(80,000)	-	55,486	56,792	124,376	109,510
2025/2026	(80,000)	-	-	60,309	124,165	104,522
2026/2027	(55,000)	-	-	-	123,784	109,864
2027/2028	(10,000)	-	-	-	-	113,854
2028/2029	-	-	-	-	-	-
2029/2030	-	-	-	-	-	-
2030/2031	-	-	-	-	-	-
2031/2032	-	-	-	-	-	-
2032/2033	-	-	-	-	-	-
2033/2034	-	-	-	-	-	-
2034/2035	-	-	-	-	-	-
2034/2036	-	-	-	-	-	-
2034/2037	-	-	-	-	-	-
2034/2038	-	-	-	-	-	-
2034/2039	-	-	-	-	-	-
2034/2040	-	-	-	-	-	-
2034/2041	-	-	-	-	-	-
	<u>(\$660,000)</u>	<u>\$910,429</u>	<u>\$222,543</u>	<u>\$285,902</u>	<u>\$759,727</u>	<u>\$756,830</u>

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

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

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

\$3,000,000 Improvement Bonds Series 2014A	\$2,170,000 GO Street Reconst Bonds Series 2016A	\$2,130,000 GO Street Reconst Bonds Series 2017A	\$2,920,000 Improvement Refunding Bonds Series 2017B ⁽³⁾	\$1,960,000 GO Street Reconst Bonds Series 2018A	\$1,585,000 Improvement Bonds Series 2019A	\$2,275,000 GO Street Reconst Bonds Series 2020A	\$6,255,000 GO CIP/ Abatement 2021B	Total
\$234,356	\$151,759	\$169,245	\$186,807	\$142,454	\$131,492	\$163,852	\$405,000	\$2,087,657
235,301	148,818	170,400	68,448	139,506	133,907	166,452	409,041	1,970,309
235,700	151,129	171,398	-	141,808	130,914	163,696	406,928	1,918,214
162,032	153,334	172,237	-	143,953	138,421	166,191	404,670	1,607,002
163,345	150,184	167,670	-	140,690	135,114	163,331	407,518	1,536,848
164,363	152,284	168,353	-	142,677	137,057	165,720	404,828	1,513,930
165,077	149,029	168,641	-	144,507	133,591	168,005	401,992	1,434,696
165,476	151,024	168,765	-	140,929	136,532	164,935	404,263	1,331,924
-	152,914	168,555	-	137,351	134,116	167,115	406,245	1,166,296
-	149,102	168,001	-	144,089	136,952	165,283	405,090	1,168,517
-	-	167,093	-	139,999	134,305	168,534	409,080	1,019,011
-	-	-	-	146,213	131,660	166,293	407,610	851,776
-	-	-	-	-	134,137	163,879	406,035	704,051
-	-	-	-	-	-	166,628	404,355	570,983
-	-	-	-	-	-	-	407,820	407,820
-	-	-	-	-	-	-	405,825	405,825
-	-	-	-	-	-	-	408,975	408,975
-	-	-	-	-	-	-	406,665	406,665
-	-	-	-	-	-	-	404,250	404,250
-	-	-	-	-	-	-	406,980	406,980
<u>\$1,525,650</u>	<u>\$1,509,577</u>	<u>\$1,860,358</u>	<u>\$255,255</u>	<u>\$1,704,176</u>	<u>\$1,748,198</u>	<u>\$2,319,914</u>	<u>\$8,123,170</u>	<u>\$21,321,729</u>

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STORAGE SOLUTIONS
simple. smart. strategic.



L & M Supply

Grand Rapids New Building Project

Proposal # LMS230607.SL

Date: 6/7/2023

QUOTE PREPARED BY:

Brandon Pollom

bpollom@storage-solutions.com

317-399-2134

FOR:

David Cowan

Corporate Office

910 East 169th Street, Westfield, IN 46074

Sales Offices

Kansas City | Los Angeles | Minneapolis | Nashville

866.474.2001 | www.storage-solutions.com

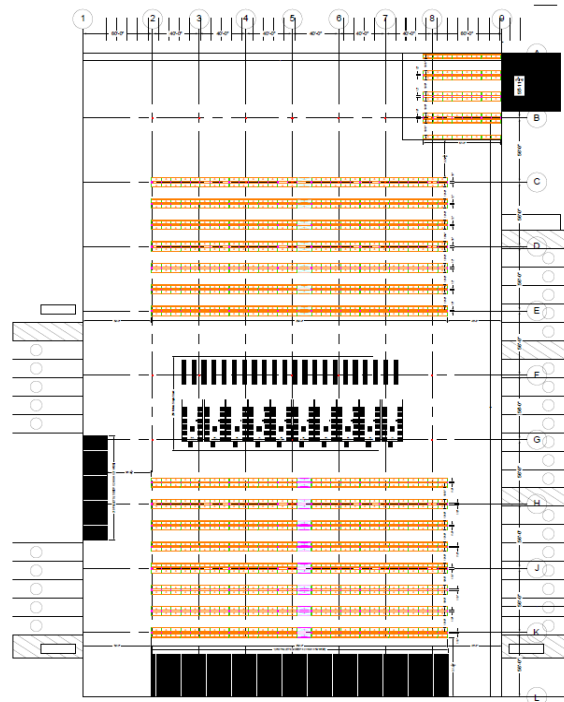


**Storage Solutions, Inc. to provide material, freight, labor, and engineering to complete
Grand Rapids, MN racking project.**

QTY	DESCRIPTION
768	Pallet Positions - Haz Room
10800	Pallet Positions - Ambient Warehouse
1272	Pallet Positions - Floor Stack @ (2) High
Racking BOM:	
966	42" x 360" Upright, 3" x 2.7" Column, 12 ga
36	42" x 420" Upright, 3" x 2.7" Column, 12 ga., 5" x 7" Baseplates - Single Row and Top Tied
9340	96" x 4 1/8" Beam, Cap: 5,230# UDL
240	144" x 6" Beam, Cap: 7,580# UDL
1188	12" Row Spacer
780	18" Row Spacer
874	Bolted Column Protector, With Base
18	126" Top Tie
966	Shim Plate, 3 1/2" Wide x 5" Deep, 1/8" Thick
36	Shim Plate, 5" Wide x 7" Deep, 1/8" Thick
9700	42" x 46" Double Waterfall Wire Deck, 2500# CAP UDL
64	42" End of Rack Protector, Right
64	42" End of Rack Protector, Left
2076	Rack Anchor
1876	Column Pro Anchor
512	End of Rack Anchor
Materials \$ 1,205,599.70	
Freight \$ 105,071.43	
Labor \$ 135,714.29	
Engineer-Stamped Drawings \$ 4,285.71	
Permitting \$ -	
TOTAL \$ 1,450,671.12	
Sales Tax (Material Only) 0.00% \$ -	
TOTAL INVESTMENT \$ 1,450,671.12	

NOTES

Lead Time:	10-12 Weeks A.R.O.
Sales Tax:	Not Included, Included at Time of Invoicing
Freight:	Freight Costs Are Estimates Only - Actual Costs Must Be Confirmed Prior to Shipment
Permitting:	Confirmed w/ City - Racking Engineered Docs to Be Submitted with Main Building Permit
Pricing:	Prices Valid for 5 Days - Pricing Subject to Change Based on AMM Steel Price Index At Time of Order and Shipment
Pricing:	All Quotes Will Require Validation With Material Vendor Prior to Order Placement
Terms:	TBD
Installation:	Includes rental equipment necessary to complete work in a safe manner, in one continuous phase in a free and clear work environment



PALLET POSITION SUMMARY			
PROFILE	QTY	POSITIONS PER BAY	TOTAL
A	936	12	11238
T	30	12	360
			11598

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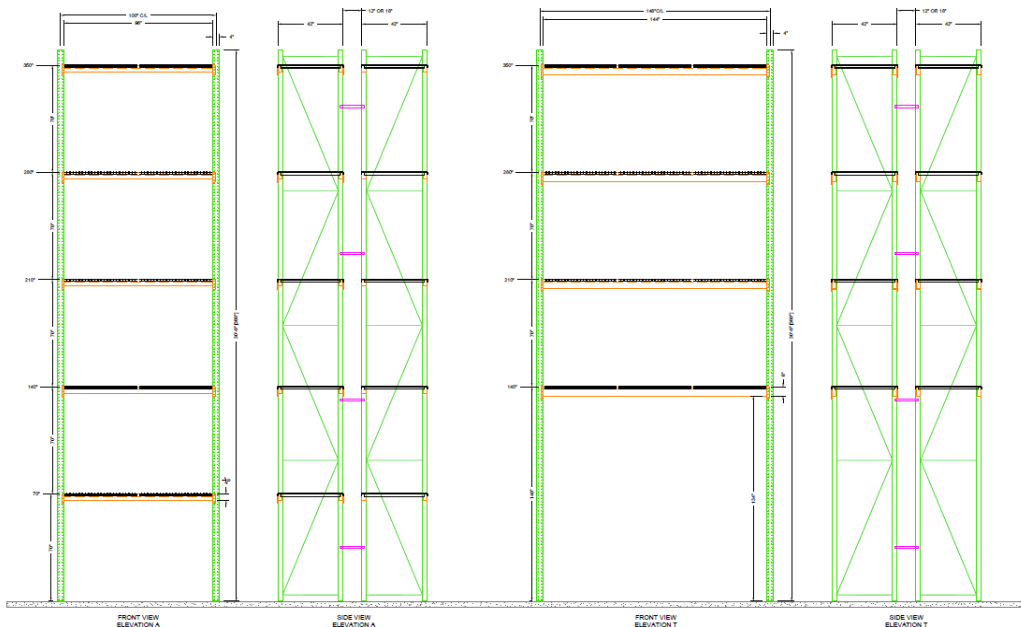
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DATE: 6/10/2023
BY: RYAN SCHMITT

#	DATE	COMMENTS	BY
---	------	----------	----

STORAGE SOLUTIONS
1110 East 10th Street
Muskegon, MI 49644
PH: 616.475.2201

L&M SUPPLY
1110 East 10th Street
Muskegon, MI 49644
PH: 616.475.2201

GENERAL PLAN VIEW
LMS230607 GRAND RAPIDS MH#01
DATE: 6/10/2023
TIME: 10:33 AM
BY: RYAN SCHMITT
CHECKED: RYAN SCHMITT
SCALE: 1/8" = 1'-0"



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DATE: 6/10/2023
BY: RYAN SCHMITT

#	DATE	COMMENTS	BY
---	------	----------	----

STORAGE SOLUTIONS
1110 East 10th Street
Muskegon, MI 49644
PH: 616.475.2201

L&M SUPPLY
1110 East 10th Street
Muskegon, MI 49644
PH: 616.475.2201

GENERAL PLAN VIEW
LMS230607 GRAND RAPIDS MH#01
DATE: 6/10/2023
TIME: 10:33 AM
BY: RYAN SCHMITT
CHECKED: RYAN SCHMITT
SCALE: 1/8" = 1'-0"

Notes:

Installation is based on free and clear work area; Work performed during (1) SITE VISIT OR MOBILIZATION
Installation assumes unloading all trucks and staging of materials by Storage Solutions personnel
Pricing includes all hardware and anchors
Includes clean up but does not include wipe down the racks
Includes disposal of project related trash to be located within 300' of the work area
Installation is based on 10 hour regular time work days during work hours of 7:00am to 5:00 pm
Site must be available to installation personnel for a minimum of 10 hours each work day
Non-union labor includes lift equipment
Installation is subject to the permit process (if required)
Includes 2 anchors per upright if SSI does the install
Site must be available for 10 hour work days during weekends if requested by Storage Solutions
Pricing includes (1) Shim per upright; any additional shimming will be billed at cost plus 10% on a time and material basis

Storage Solutions responsibilities:

Includes labor to erect equipment
Unloading and staging of materials
Provide all forklift and scissors lift equipment necessary to install

Customer's Responsibilities:

Making work area free and clear
Layout
Allowing access to the site
Allowing lift truck access to area where work is to be performed
Provide laydown area for materials used in assembly
All labels
Provide lighting, heat & electrical power source to perform installation

Exclusions:

Sales tax
Weekend work
Movement of customer products
Lighting plans
Safety bolts for beams
Special base plates
Epoxy anchors
Egress plan
Title 24 drawings
Special inspections
Cutting of fire doors
Floor stripping
Exit signs
Trash dumpsters
Union labor
Smoke vents, smoke sensors and removal of fire hoses

Storage Solutions, Inc. Sales Quote Terms & Conditions

Proposal # LMS230607.SL

This Sales Quote is meant to provide the basis for an offer by the Customer designated below ("Customer") and is not an offer to sell. If Customer elects to respond to this Sales Quote with a Purchase Order or other offer to buy then the following terms and conditions will be considered integrated therein. Any different, conflicting or additional terms contained in any Customer Purchase Order or other ordering document are hereby specifically rejected unless expressly approved of in writing by Storage Solutions, Inc. ("SSI"). Customer's taking delivery of any part of SSI materials and labor sold shall constitute Customer's assent to the terms and conditions of this Sales Quote and a waiver of all terms and conditions in any Customer Purchase Order or other ordering document that are different, conflicting or additional to those in this Sales Quote.

Customer Name:	L & M Supply
Date of Sales Quote:	6/7/2023
Materials:	\$1,205,599.70
Labor:	\$135,714.29
Shipping Terms:	Freight Costs Are Estimates Only - Actual Costs Must Be Confirmed Prior to Shipment
Estimated Delivery:	10-12 Weeks A.R.O.
Terms – Material:	TBD
Terms – Labor:	TBD
Prices Firm:	10 Days from the Date of this Sales Quote above.
Additional Terms:	Storage Solutions, Inc. is to retain a secured interest in the material until paid in full.

Prices And Payment

Unless set forth differently above, standard terms are net 10 days for new equipment, and payment in full for used equipment. Customer is responsible for payment of all applicable taxes, if any. All prices are quoted and payable in US dollars unless specified above. Prices quoted do not include cost of obtaining building permits, stamped drawings, and any other permits, licenses or other permissions (if applicable). All prices are subject to change without notice except during any firm pricing period quoted above. All materials are invoiced at the time of shipment, which may result in partial billing. Storage Solutions encourages payment via cash, check, or wire transfer. Should customers prefer to use credit cards for payment, a surcharge will be added to the invoice. A finance charge the lesser of (a) one and one-half percent (1½%) per month; or (b) the maximum amount permitted by law, will be added to all past due amounts from the due date until payment in full. An irrevocable Letter of Credit in favor of SSI, in an amount, form and duration acceptable to SSI, is required for any international order.

Acceptance

A Customer purchase order or signed quote is required to process Customer's order. No verbal orders are accepted. Any order placed on this Sales Quote is not binding on SSI until SSI's acceptance in writing in Indianapolis, Indiana, USA has been sent to Customer. **Any different, conflicting or additional terms contained in any Customer Purchase Order or other ordering document are hereby specifically rejected unless expressly approved of in writing by SSI.** The receipt, deposit or use of any funds paid by Customer shall not constitute acceptance by SSI. Notwithstanding anything herein to the contrary, if this Sales Quote is signed by Customer and SSI order products or otherwise commences fulfilling the Sales Quote, then this Sales Quote shall be treated for all purposes hereof as a Customer Purchase Order.

Changes

All orders are subject to acceptance by SSI. SSI may withdraw this Sales Quote at any time prior to SSI's acceptance of any Customer purchase order and in any event, this Sales Quote expires 30 days from its date unless extended in writing by SSI. All items quoted as "stock" are subject to prior sale.

Delivery

Unless otherwise specified, all material is quoted FOB, SSI's shipping point, and shipped freight collect. Risk of loss will pass to Customer upon deposit of materials with a carrier. In cases where the customer requests pre-pay and add, a 25% surcharge is added to all the applicable freight charges. Deliveries are confirmed by a signed bill of lading. An unsigned bill of lading is agreed by Customer and SSI to be complete and in proper condition, no exceptions. Customer is responsible for inspection of all material upon delivery and to properly note any damage or shortage on the carrier's bill of lading. Carrier will not accept responsibility for damage unless the claim is made at the time of delivery. SSI shall have the right to make deliveries or perform labor in installments. In no event will SSI be liable for any premium transportation, procurement or other costs or losses incurred by Customer as a result of SSI's failure to deliver materials in accordance with estimated delivery schedules. In addition to notifying the carrier at the time of delivery, notice of rejection or claim for shortages, damaged materials or other non-conformity must be submitted by Customer to SSI in writing within 10 days of shipment or performance, and must specify the particular respects in which the delivery, materials or labor, as applicable, are nonconforming. Customer shall have no right to exercise any remedial rights until notice of non-conformity has been giving to SSI and SSI afforded a reasonable opportunity to cure such non-conformity, if appropriate.

Third Party Licenses

Any third-party software delivered to Customer by SSI in connection with the materials and labor is subject solely to the license agreement of the owner/manufacture of such software. Customer agrees that all such third-party software is delivered by SSI solely "AS IS, WITH ALL FAULTS".

Warranties and Disclaimers

SSI hereby assigns to Customer any manufacturers' warranties applicable to any materials sold by SSI pursuant to this Agreement. SSI provides no warranties related to materials sold, which are not manufactured by SSI, all of which Customer acknowledges are sold by SSI "AS IS, WITH ALL FAULTS". **With respect to materials sold by SSI to Customer, SSI makes no express or implied warranties whatsoever, including, but not limited to any warranty of non-infringement and the implied warranties of merchantability and fitness for a particular purpose and any warranties arising out of course of dealing or usage of trade. Except for the pass-through of manufacturers' warranties set forth above, SSI makes no express or implied warranties related to this Sales Quote, the materials, the labor, or otherwise. To the fullest extent permitted by law, SSI disclaims all warranties, written, express or implied, including, without limitation, all warranties of non-infringement, merchantability and fitness for a particular purpose and any warranties arising out of course of dealing or usage of trade.**

Limitation of Liability

In no event shall SSI or its vendors be liable to Customer for any consequential, incidental, special or punitive damages, regardless of whether an action is brought in tort, contract or any other theory and whether arising under this Sales Quote or otherwise with respect to the sale of materials or provision of labor, including, without limitation, any lost revenues or profits, business interruption or damage to business reputation, even if SSI has been advised of the possibility of said damages. Customer agrees that in no event will SSI'S entire aggregate liability (in tort, contract, warranty, or otherwise) to Customer exceed the aggregate amount of fees actually paid by Customer to SSI for the materials and/or labor that give rise to the dispute, or any defective portion thereof, whichever is the lesser amount. The limitations in this paragraph shall apply even in the event of a fundamental breach of the terms of this sales quote or failure of the essential purpose of any term of this sales quote.

Returns

No goods may be returned except upon SSI's prior written approval. **No unauthorized returns will be accepted. All returns must be accompanied by a return authorization number issued by SSI.** All returns are subject to inspection by SSI when received and should be returned with the freight prepaid by Customer. Upon prior authorization, materials that are damaged may be returned or replaced within (3) days of purchase, and the purchase price may be refunded if a particular item is no longer in stock. All returns are subject to a restocking charge of 25%. Under no circumstances will SSI accept returns after 30 days from SSI's invoice date.

Installation Site Conditions

If SSI is providing any labor, Customer's work area must be free and clear of any obstacles and impediments. Customer is responsible for providing unlimited access to the work area for SSI and an ambient temperature for installation. SSI's standard work hours are 7:00 AM – 5:00 PM and any overtime will be charged at time-and-a-half. Customer is responsible for a trash receptacle for dunnage and all expense associated therewith. Customer must provide SSI with an unloading and staging area in close proximity to any installation area, dedicated clear access to extended outside dock area aprons (if applicable), truck access to concrete pads for unloading (if applicable), and one operating dock leveler for unloading closed vans (if applicable). Customer's floors must be swept, clean and sealed prior to installation commencement. SSI is not responsible for dust accumulation. Overall scrubbing/cleaning of facility during and/or after installation is the responsibility of others. Customer must provide an industrial power supply for installation. If outside staging of materials is required in unpaved areas, SSI is not responsible for mud, dirt and or rust on materials. Any delays will be billed at \$40.00 per man hour plus a \$300.00 per day out-of-town fee (if applicable). SSI shall pay to repair any damage (chips and gouges to concrete slab) caused by SSI but will not be responsible for normal scratches and abrasions that occur during SSI labor and material installation.

Force Majeure

SSI shall not be liable hereunder by reason of any failure or delay in the performance of its obligations hereunder on account of strikes, shortages, riots, insurrection, fires, flood, storm, explosions, acts of God, war, governmental action, labor conditions, earthquakes, material shortages or any other cause beyond the reasonable control of SSI.

Special Conditions for Used Equipment

Used equipment is offered "AS IS" and "SUBJECT TO PRIOR SALE". **To the fullest extent permitted by law, SSI disclaims all warranties, written, express or implied, including, without limitation, all warranties of non-infringement, merchantability and fitness for a particular purpose in connection with any used materials.**

General

This Sales Quote shall be construed in accordance with the laws of the State of Indiana USA, without giving effect to the principles of conflicts of law and that body of law applicable to choice of law. SSI and Customer agree that the state and federal courts located in Hamilton County, Indiana constitute a convenient forum for any litigation and both parties submit to the exclusive jurisdiction of such courts for any litigation arising from or related to this Sales Quote. **Except to the extent required by law, SSI and Customer each hereby voluntarily, intentionally and knowingly waive any right to trial by jury.** SSI's obligations are subject to the export control laws and regulations of the United States. Customer will comply fully with such export laws and regulations in the export, resale or disposition of SSI materials.

Accepted By: _____ Date: _____

Printed Name: _____

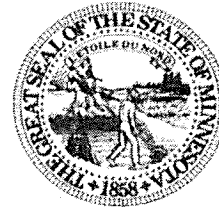
Title: _____

Office of the Minnesota Secretary of State

Minnesota Business & Nonprofit Corporations

Amendment to Articles of Incorporation

Minnesota Statutes, Chapter 302A or 317A



Read the instructions before completing this form.

Filing Fee: \$55 for expedited service in-person and online filings, \$35 for mail

1. Corporate Name: (Required)

L and M Supply, Inc.

List the name of the company prior to any desired name change

2. This amendment is effective on the day it is filed with the Secretary of State, unless you indicate another date, no later than 30 days **after** filing with the Secretary of State.

Format: (mm/dd/yyyy)

3. The following amendment(s) to articles regulating the above corporation were adopted: (Insert full text of newly amended article(s) indicating which article(s) is (are) being amended or added.) If the full text of the amendment will not fit in the space provided, attach additional pages.

ARTICLE

The name of the Corporation is L & M Supply, Inc. (This amendment is made to give effect to the original intent and the title of the original Articles of Incorporation of the Corporation, along with the name under which the Corporation has generally operated during its existence.)

4. This amendment has been approved pursuant to *Minnesota Statutes*, Chapter 302A or 317A.

5. I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

Erik Andersen

Signature of Authorized Person or Authorized Agent

August 27, 2018

Date

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

erik@landmsupply.com

☒ Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

Dennis O'Toole

218-259-9979

Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?

Yes ☒ No ☒



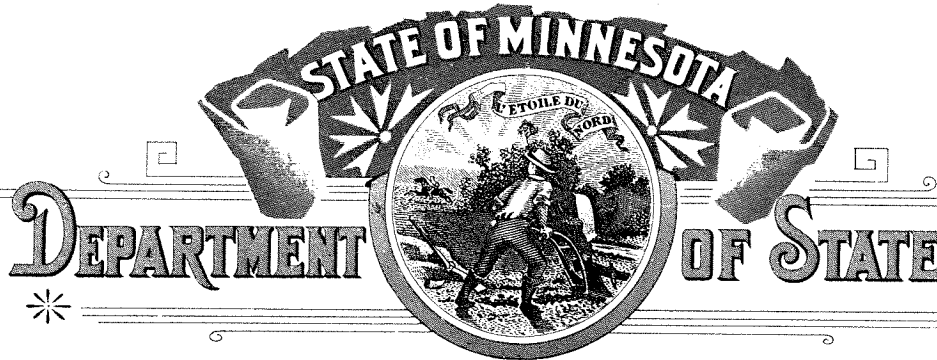
Work Item 1029666000028
Original File Number 1C-1132

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
08/27/2018 11:59 PM

Steve Simon

Steve Simon
Secretary of State

1C 1132



To All To Whom These Presents Shall Come, Greeting:

Whereas, Articles of Incorporation, duly signed and acknowledged under oath, have been filed for record in the office of the Secretary of State, on the --30th-- day of January, A. D. 1963 for the incorporation of

L and M Supply, Inc.

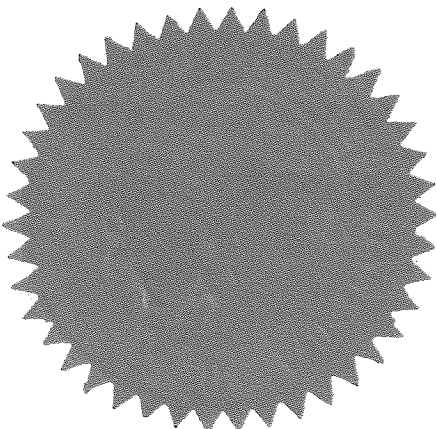
under and in accordance with the provisions of the Minnesota Business Corporation Act, Minnesota Statutes, Chapter 301;

Now, Therefore, I, Joseph L. Donovan, Secretary of State of the State of Minnesota, by virtue of the powers and duties vested in me by law, do hereby certify that the said

L and M Supply, Inc.

is a legally organized Corporation under the laws of this State.

Witness my official signature hereunto subscribed and the Great Seal of the State of Minnesota hereunto affixed this --thirtieth-- day of January in the year of our Lord one thousand nine hundred and sixty-three.



Joseph L. Donovan
Secretary of State.

DATE

6/6/23

To Whom it May Concern:

L&M Supply, Inc. has maintained their headquarters in La Prairie since their founding in 1959. As L&M continues to grow and add additional stores, the City of LaPrairie recognizes the need for L&M to grow their distribution capabilities. Further, given the environmental and logistical challenges of the existing property, we recognize that a new, larger location will be needed.

The City of LaPrairie fully supports the relocation of the L&M Distribution Center to a new site, outside of the city limits of LaPrairie. We also recognize and appreciate that the Corporate Offices will remain here in LaPrairie and the potential for attracting a new business to lease the former warehouse space exists. Further, we recognize that L&M's future plans include converting their previous retail store front and warehouse space into a modern corporate campus property.

Sincerely-

A handwritten signature in black ink, appearing to read "Jonathan Bolen". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jonathan Bolen

Mayor,

City of LaPrairie, Minnesota

Del T. Matteson

24399 Great Sunset Road Cohasset MN 55721
218/259/0720 del@lmsupply.com

Employment

L&M Fleet Supply Full time 2001-current

Manager Trainee January 2001- January 2004 Grand Rapids MN Location

Worked closely with General Manager to assist in running the L&M Grand Rapids MN location learned all aspects of operations of an L&M Supply store

Store Manager Detroit Lakes store January 2004- August 2006

Was involved with startup of a brand new L&M location helped to lead staffing, training, and store set up of a successful L&M Supply store

Vice President of Operations August 2006- January 2017

Oversaw Operations, HR, LP

Did some purchasing of various categories Farm, Power Equipment, Tarps, Trailers etc

Oversaw trucking side DJT Trucking involved with scheduling, purchasing equipment etc

COO January 2017-Current

Lead and assist the Operations, HR, and LP portion of L&M Supply's business

Along with being involved in all phases of the business as a CO-Owner of L&M Supply

Continue to purchase some products heavily involved in all aspects of customer service, training, and merchandising

Education

DEGREE: University of North Dakota
Bachelor of Science Degree December 2000
Business Management

Grand Rapids High School Graduate 1996

Professional Development and Community Involvement

Board Member Mid States LLC 2012-2018

Secretary Treasurer Mid States Board 2014-2018

Life Sponsor MDHA

Oversee Corporate Philanthropy for L&M Supply helping to support numerous causes in the communities our stores do business in

Little League Baseball assistant coach Grand Rapids MN 2017-current

Erik Andersen

23735 Winckler Rd., Grand Rapids, MN 55744
218-326-9451 | erik@landmsupply.com

Employment

July 2003 - Present

L&M Fleet Supply

Chief Financial Officer, Co-CEO & Co-Owner

- Responsible for all Financial & Legal aspects of the Company
- New Store & Property Development
- Oversight for all Company Buildings & Real Estate
- Strategic Direction of Company Systems & Accounting

Other Positions Held

- Vice President of Finance
- Merchandise Buyer – Heating, Cooling, Plumbing, & Electrical Categories
- Distribution Center Manager
- Management Trainee

May 2000-March 2003

Ernst & Young, LLP

Senior Auditor

- Team Lead on Financial Statement Audits, primarily in the Financial Services Industry

Education

August 2001

M.S. Accounting – University of Virginia, Charlottesville, VA

May 2000

B.A Economics – St. Olaf College, Northfield, MN

Finance Concentration

Professional Development and Community Involvement

2022-Present	Mid-States Distributing, Board Member
2015-2018	Horizon Retail Solutions, Board Chair
2013-2016	Grand Rapids & Itasca Mountain Bike Club Treasurer
2013-2021	Grand Rapids Club Boys Soccer Coach

Shawn Matteson

19141 S. Gama Beach Rd, Grand Rapids, MN, 55744
218-259-3034 | shawn@landmsupply.com

Employment

2007-Present

L&M Supply

CMO/CO-CEO

- Oversee purchasing team, IT Director, Marketing.
- Involved in overall business strategy

2002-2007

L&M Supply

Systems Administrator/Buyer

- Purchasing various departments, Software Systems-implementation, training
- Led team of buyers purchasing for seven retail locations, Led IT department
- Deployed new point of sale system to seven retail locations

Education

May 2002

DEGREE: Bachelor of Business Administration, University of North Dakota, Grand Forks, ND