



CITY OF
GRAND
RAPIDS

FY 2022

Annual Comprehensive Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2022

About the cover:

Van Andel Arena is a 12,000 plus seat multi-purpose arena, situated in the Heartside district of Grand Rapids, Michigan, United States. The arena attracted over five million patrons in its first 5 years, 1996–2001. It is home to the Grand Rapids Griffins of the American Hockey League, the top minor league affiliate of the Detroit Red Wings, with fans giving it the nickname "The Freezer on Fulton".[5] It is also home to the Grand Rapids Gold of the NBA G League, the minor league affiliate of the Denver Nuggets.[6] Van Andel Arena is the fourth-largest arena in Michigan, as well as West Michigan's largest; only Little Caesars Arena in Detroit, the Jack Breslin Student Events Center in East Lansing, and the Crisler Center in Ann Arbor, Michigan, are larger.

Renovations began in Spring of 2020, organized in partnership with the Grand Rapids-Kent County Convention/Arena Authority (CAA), included the full demolition of the existing plaza and construction of an enhanced public space featuring seating, new trees and landscaping.

“The changes will significantly enhance the safety and overall experience of people attending shows and events at the Arena while better integrating the facility into the growing neighborhood and supporting the continued evolution of Downtown’s premier entertainment district.”

City of Grand Rapids, Michigan

**Annual Comprehensive Financial Report
Year Ended June 30, 2022**

**Prepared by:
Comptroller's Office
Charles M. Frantz
Comptroller**

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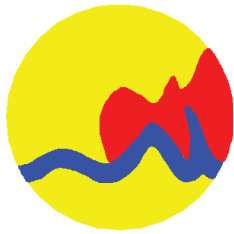
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CITY OF GRAND RAPIDS

December 12, 2022

Honorable Mayor Rosalynn Bliss, City Commissioners, and Residents of Grand Rapids:

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Grand Rapids, Michigan (the City) for the fiscal year ended June 30, 2022 with the Independent Auditor's Report, submitted in compliance with Michigan State Law. State law requires that within six months of the close of each fiscal year local governments publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This ACFR meets state law requirements.

The Office of the City Comptroller assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Plante & Moran, PLLC, independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front 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 complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City was incorporated on April 2, 1850. On August 29, 1916, the people of Grand Rapids voted to adopt a Home Rule Charter that abolished their old alderman system and replaced it with a Commission-Manager form of government that, with amendments, is still in effect today. The City Commission has seven elected, non-partisan commissioners, with two commissioners from each of the three wards and a seventh commissioner elected at large who serves as the Mayor. The City Comptroller is elected at large and serves as head of the City's Auditing Department and, with the assistance of the staff members in the Office of City Comptroller, is responsible for monitoring the financial activities of the City Commission and all City departments. Terms of all the elected offices are four years, with three commissioners and either the Mayor or Comptroller elected every two years. The City Manager is appointed by the City Commission to serve as the City's chief administrator and is responsible for the coordination of all City departments and execution of City Commission policies and programs. A seven-member Library Board is elected at large and is responsible for the operations of the library system. All other boards, such as the pension, building authority, and other component unit boards, have a majority of members appointed by the City Commission.

The City provides its citizens with a full range of services. The City separately tracks revenues and expenses for these services in four broad categories based on activity type: governmental funds, business-type funds, component unit funds, and fiduciary funds.

Governmental funds provide services including police, fire, street lighting, trash and recycle collection, storm water collection, street maintenance, libraries, and parks and recreation. These activities are paid for through income and property taxes, charges for services, and other general revenue sources such as revenue sharing from the State of Michigan or grant monies from the state and federal governments. These revenue sources do not have a direct relationship between the amount the taxpayer pays and the amount of benefits received from the service. That is, the taxpayer may pay income and property taxes, which are used to fund the fire department whose presence may reduce property insurance rates, but the taxpayer may never need to call on the fire department. In addition to services primarily for city residents, the City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa County using funding from many jurisdictions.

The City also provides **business-type activities** which include the water and sewer systems, parking services, cemeteries, Belknap Ice Arena, and Indian Trails Golf Course. The water and sewer systems provide retail service to over 80,925 retail customers in the City and suburban communities, as well as wholesale service to communities that operate their own municipal water and sewer systems. The Parking System operates over 8,210 off-street and 3,360 on-street parking spaces. These services are similar to a business enterprise and are intended to be funded solely by charges and fees. The revenues from these services can only be used to provide these services.

Besides governmental and business-type activities, the financial reporting entity includes **component units**. Component units are legally separate entities for which the primary government is financially accountable. The following component units are incorporated into the City's Annual Comprehensive Financial Report on either a blended or discrete basis:

- Grand Rapids Building Authority (GRBA)
- City of Grand Rapids General Retirement System
- City of Grand Rapids Police and Fire Retirement System
- City of Grand Rapids General, Police, and Fire Retiree Other Post-Employment Benefit (OPEB) Plans
- Corridor Improvement Authorities (CIAs)
- Grand Rapids Brownfield Redevelopment Authority (Brownfield)
- Grand Rapids Downtown Development Authority (DDA)
- Grand Rapids SmartZone Development Authority (SmartZone)
- Grand Rapids Tax Increment Financing Authority (TIFA)
- State of Michigan 61st District Court

Blended component units, although legally separate entities, are part of the primary government's operations and are included as part of the primary government. Accordingly, the activities of the GRBA have been blended within the primary government's activities included in the Parking System and various capital projects and debt service funds of the City of Grand Rapids. The City of Grand Rapids General and Police and Fire Retirement Systems and General, Police, and Fire Retiree OPEB Plans have been reported as pension and other employee benefit trust funds within the fiduciary funds.

Discretely presented component units are segregated from the primary government in the government-wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA, TIFA, SmartZone, Brownfield, 61st District Court, and CIAs are reported as discretely presented component units.

The City of Grand Rapids and County of Kent Joint Building Authority (JBA), the Convention Arena Authority (C/AA), and the Grand Valley Regional Bio-solids Authority are also legally separate entities. These three joint ventures, two with Kent County and one with the City of Wyoming, are summarized in Note 1 but are excluded from the financial statements.

Fiduciary funds are used to track resources that are held by the City in a trustee or agency capacity for others and which therefore cannot be used to support the City's own programs. Fiduciary fund assets include property taxes collected by the City Treasurer for other units of government as well as the investments of the defined benefit pension systems, and OPEB trusts providing retiree health care benefits.

The City is a significant economic presence in the region. This year the City spent approximately \$360 million on governmental and proprietary services. The City is a service organization, so its single largest expense is payroll costs, but as is true most years, about 18 percent of the total outlay went into improvements and additions to the City's capital assets, primarily street, water and sewer infrastructure. This organization continues to recognize that the short-term savings from deferring maintenance is small compared to the future costs created by failing to maintain infrastructure assets.

Approximately 59 percent of the City's governmental revenues are derived from the City income tax and local property taxes. A temporary income tax increase approved by the voters on May 4, 2010 expired on June 30, 2015. On May 6, 2014 the voters extended that increase for 15 years with the resulting revenue restricted to the repair and rebuilding of the City's streets and sidewalks. As a result of this temporary increase the income tax rate for residents and businesses is 1.5 percent and the income tax rate for non-residents is 0.75 percent. Income tax revenue for fiscal year 2022 increased 20.7 percent from fiscal year 2021 to \$122.9 million; and revenue from property taxes increased 6.5 percent to \$47.7 million.

The annual budget serves as the foundation for the City's financial planning and control. The annual budget process begins in November with instructions and rosters for personnel distributed to Internal Service Fund departments, followed by operating departmental proposals for service delivery and required financial resources, and culminates with a public hearing and subsequent adoption of the general appropriation act by the City Commission. The budget is generally prepared by fund (e.g. general). Each operating fund's budget is developed and presented within the context of a seven-year time frame beginning with the actual results in the most recently completed fiscal year and ending with the projected requirements five years in the future. A 5-year Capital Plan is also prepared. These multi-year presentations are designed to aid planning and understanding by revealing trends in revenues and expenditures. Department heads may transfer resources within the activities they manage. Transfers between departments, between funds, and above administrative amounts set by the City Commission need specific approval from the governing body. The City labors to meet its responsibility for sound financial management.

CITY'S FINANCIAL POSITION

The City currently maintains a stable financial position exceeding the level of financial reserves that is commonly recommended to permit a local government to handle normal economic fluctuations. The discussion that follows focuses on the local economy of West Michigan, as well as the City's long-run financial planning, current financial policies, and initiatives to move the City forward.

Local Economy

The City is the economic, governmental and cultural hub of West Michigan. Situated on the Grand River approximately 28 miles east of Lake Michigan and 66 miles west of Lansing, the state capital, the City encompasses an area of 44.4 square miles with a population of 198,917, making it the second most populous city in the state of Michigan and the 129th most populated in the United States. The City hosts federal courts for the Western District of Michigan, and is the county seat of Kent, which has a population of 657,974. The four-county Metropolitan Statistical Area (MSA) has a population of over one million while the Combined Statistical Area includes 1.4 million people (US Census, 2020).

The City boasts a diverse economy, hosting major industries such as health services; manufacturing; professional, scientific and technical services; administrative, support and waste management services; accommodation and food services; trade; finance and insurance; arts, entertainment and recreation; information; transportation and warehousing; real estate; education and utilities. Top employers in West Michigan include: Spectrum Health, Meijer, Mercy Health, Amway, Gordon Foods, Herman Miller, Gentex, Steelcase, Perrigo, Grand Valley State University, Grand Rapids Public Schools, SpartanNash, Acrisure, and Lacks Enterprises.

The local economy continues to recover from the pandemic as the City saw in an increase in foot traffic, hotel occupancy and retail openings as many events returned to the City in 2022 including Art Prize. Hotel occupancy increased 38% compared to 2021 and the City saw twenty-one new businesses open in 2022 as store-front vacancy rates continue to decline. The Grand Rapids unemployment rate continued to decrease from 4.3 percent in June of 2021 to 3.9 percent in June 2022. Income tax withholding payments during the first half of 2022 were trending upward approximately 11.4 percent. Construction activity has resumed back to normal as many projects delayed by the pandemic were complete while many new projects started. As with the rest of the country, the City has encountered challenges related to supply chain issues and inflation. Building permitting continues to rebound after falling the last two years due to the pandemic. Assessment values continue to increase year over year for real, commercial, and residential properties. Real property assessment values are at their highest ever. New construction and redevelopment continue both downtown and in the neighborhoods as the economy continues to recover.

The City was awarded \$92 million through the American Rescue Plan Act of 2021. Per U.S. Department of Treasury guidance, eligible costs must be incurred by December 31, 2024 and expended by December 31, 2026. As of June 30, 2022, the City has reported total expenditures since acceptance of award of \$17.2 million. Areas of targeted spending include emergency sheltering, homelessness support through contracts with Network180, expansion of broadband to city parks, mental health co-response, and purchases of personal protection equipment in addition replacing revenues lost because of the pandemic. The City continues to evaluate the use of ARPA funds to ensure compliance with federal requirements.

The Grand River feeds into Lake Michigan, the City's source for its water system. The City of Grand Rapids continues to meet or exceed all the requirements of the Safe Drinking Water (SDWA). Additionally, PFAS levels in Grand Rapids water system are well below safety standards.

Public Safety is a high priority for the City and its Departments. The Grand Rapids Police Department successfully launched the Data Informed Community Engagement Initiative (DICE) in three (3) areas within the City aimed at reducing gun violence and drug crimes. In addition, the police department partnered with Network180 to create a Co-Response Mental Health Unit aimed at connecting people in mental health crises with the resources and help they need. The Grand Rapids Fire Department maintained their Center for Public Safety Excellence accredited status and Insurance Services Office 1 rating in FY 22. In addition, the Fire Prevention Division established the GRFD Fire Prevention Foundation, a nonprofit charitable organization supporting fire prevention activities within the community.

The City continues its commitment to the environment earning the West Michigan Sustainable Business Forum's 2021 Climate Leadership Award for best-in-class carbon reduction goals for municipal operations: 85% reduction by 2030 and net-zero by 2040. Based on 2020 data, City staff calculated that the City had reduced its own emissions by 30% when comparing performance against its baseline year of 2008. These goals and performance exceed the Paris Climate Accord targets. The City has received the Michigan Green Communities Network gold certification for funding its environmental sustainability projects including the Vital Streets Initiative, and Feet on the Street recycling education program. Additionally, the City joined the White House's Building Performance Standards Coalition to develop new building standards and policies to upgrade and retrofit buildings.

The City within the Larger Economy

West Michigan, as well as the entire state of Michigan, has a long tradition as a manufacturing driven economy, exporting products, particularly furniture, across the country and around the globe. Michigan's economy was hit particularly hard in the late twentieth century as manufacturers were lured away from their historic roots by a combination of lower labor costs, investment incentives and access to previously closed markets. The local economy is adapting to the global economic shifts by increased focus on manufacturing excellence, life science discovery and technological innovation. The following industries are driving the growth of the Grand Rapids region: Smart Manufacturing, Information Technology, Life Sciences, Food Processing, and Aerospace and Defense.

Long-Term Financial Planning

Efforts have been underway to invest funds into the City's parks. After the conclusion of a 7-year parks millage in 2021, the residents of Grand Rapids approved a permanent millage to provide dedicated funding to the City's parks, pools, playground, and recreational operations. Additionally, complete reconstruction of City streets continues in addition to rotomilling, resurfacing and repairing roads to reach a goal of 70 percent of streets in good or fair condition by 2030; a significant source of funding having been provided by the 15-year income tax extension approved by voters in 2014. Having received the generous support of taxpayers and the benefits of a growing economy, it may be time to turn attention to legacy costs in order that future generations do not unnecessarily bear the burden of liability to come.

The City continues to adopt annual budgets within a framework of a five-year budget projection that alerts the organization to potential future financial problems that may be created by decisions made currently. Current projections show deficits in the last two years of the projections, within the ability of current fund balances to cover; but a potential negative trend that needs to be monitored and reassessed to ensure the organization continues to live within its means.

Relevant Financial Policies

The City Commission adopted the current fund balance policy which complies with GASB 54 requirements. This policy established five classifications (non-spendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund and all special revenue funds. The classifications comprise a hierarchy based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in those funds can be spent. The five classifications are further categorized into two groups, **restricted** (non-spendable and restricted) and **unrestricted** (committed, assigned, and unassigned). This policy states specifically that the General Operating Fund will maintain an unassigned balance equal to 15 percent of its expenditures. The Budget Stabilization Fund, as allowed by Public Act 30 of 1978, was reopened in fiscal year 2013 with a goal of holding an additional 10 percent of General Fund Expenditures in preparation for the next economic downturn. For financial reporting, this fund is consolidated with the General Fund as required by GASB 54. The combined funds achieved the desired total fund balance of 25 percent of expenditures during fiscal year 2022. The unassigned fund balance of the General Fund ended the current year at 45.2 percent and the Budget Stabilization Fund ended at 9.47 percent of fiscal year 2022 General Fund expenditures.

Major Initiatives

As previously mentioned, the City continues a major effort to repair and reconstruct street infrastructure made possible in part by the voter approved income tax increase enacted in May 2014. Achieving the goal relies in part on adequate support from the State in future years including gas and weight tax receipts used to maintain streets. The repair efforts were jump-started using financing from three bond issues, one of which was repaid in October 2017, and the remainder to be paid by future income tax receipts over the next several years. Using the Pavement Surface Evaluation and Rating (PASER) system, approximately 69 percent of the streets are at Good or Fair condition.

Among the phase III goals of the Transformation Plan is creating more sustainable assets. Beginning in fiscal year 2019 and continuing each subsequent year, the replacement of substantial portions of the aging Street Lighting System, with new equipment, new wiring, and modern technology to eventually include electronic controls and LED lights, is projected to create a more stable system with lower operating costs paid by the General Fund.

AWARDS

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 for the fiscal year ended June 30, 2021; an award the City has received annually since 1985. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both U.S. GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration.

The City also received the GFOA's award for Distinguished Budget Presentation for its budget document for the fiscal year beginning July 1, 2021. The receipt of this award marks the thirty-fourth consecutive year the City has been honored by the GFOA for distinguished budget presentation. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

ACKNOWLEDGEMENTS

The timely, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the Office of the City Comptroller. I appreciate the extraordinary commitment and contributions of the Comptroller staff and all City of Grand Rapids employees and departments that support this report.

Respectfully submitted,



Charles M Frantz
City Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

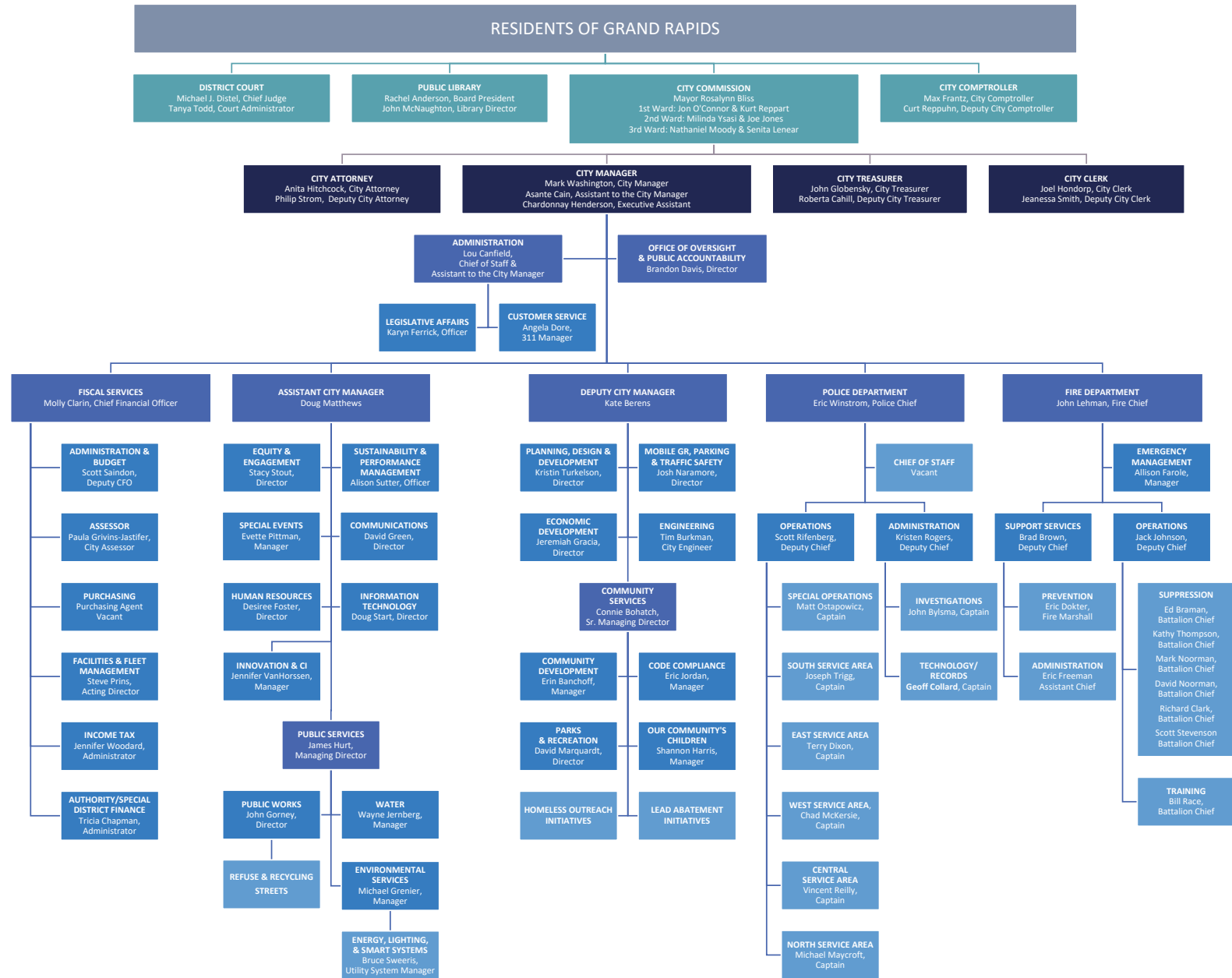
**City of Grand Rapids
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



**Principal Officials of the City of Grand Rapids, Michigan
As of June 30, 2022**

Elected Officials

Mayor	Rosalynn Bliss
Commissioners	Jon O'Connor Kurt Reppart Joseph D. Jones Milinda Ysasi Senita Lenear Nathaniel Moody
Comptroller	Charles M. Frantz

Appointed Officials

City Manager	Mark Washington
City Attorney	Anita Hitchcock
City Treasurer	John M. Globensky
City Clerk	Joel Hondorp

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Independent Auditor's Report

To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in its financial position and, where applicable, its 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 City of Grand Rapids General Retirement System as of and for the year ended June 30, 2022 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2021, which represent 93 percent, 93 percent, and 36 percent, respectively, of the assets, net position, and revenue, respectively, of the fiduciary funds. Those financial 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 City of Grand Rapids General Retirement System as of and for the year ended June 30, 2022 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2021, is based solely on the report of the other auditors.

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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, at July 1, 2021, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, which gives guidance on the identification and reporting of lease activities. Our opinion is not modified with respect to this matter.

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.

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To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 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 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 *Government Auditing Standards*, we:

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, schedules of changes in the City's net pension and OPEB liabilities and related ratios, schedules of contributions, and schedules of investment returns 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, which 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 supplemental 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.

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To the Honorable Members of the City Commission
City of Grand Rapids, Michigan

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is 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 other supplemental information is 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 Comprehensive Financial 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 December 12, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



December 12, 2022

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Management's Discussion and Analysis

As the 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 June 30, 2022. We encourage readers to consider the information presented here in conjunction with the information contained in the letter of transmittal, which is found in the introductory section of this report.

Financial Highlights

- The net position for the City is the amount by which the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources. At June 30, 2022, net position totalled \$866,759,385. The unrestricted portion of this amount, \$88,874,035, may be used to meet the government's on-going obligations to citizens and creditors, consistent with the purpose in which the funds were accumulated.
- During the current fiscal year, the net OPEB liability and net pension liability decreased by \$16,706,981 and \$99,629,172, respectively. The OPEB liability decreased as a result of plan assets increasing faster than plan liabilities during the year. This is expected to be the typical pattern most years as contributions to fund the Unfunded Actuarial Accrued Liability are made by the City and as the current plan members continue to lose the eligibility for the benefit when they reach age 65. The net pension liability decrease is primarily attributable to positive return on investments as of the June 30, 2021 and December 31, 2021 measurement dates for the plans used in the liability determination as of June 30, 2022 offset by the decrease of the discount rate from 7.00% to 6.75% for the Police and Fire plans.
- The City's total net position increased by \$68,099,043 during the fiscal year. Governmental activities increased net position by \$55,244,665 driven by increases in City tax receipts and lower governmental activities expenditures. Business-type activities increased net position by \$12,854,378 driven by positive operating results in Water Supply System and Sewer Disposal System funds.
- At June 30, 2022, the City's governmental funds reported combined fund balances of \$188,875,156, an increase of \$42,288,456 from the previous year. A total of \$4,856,514 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$29,007,229 is *restricted* as to purpose by an outside party, which means \$155,011,413 is available for spending at the City's discretion, but only within the purpose of the individual funds where the fund balance is located. Only the *unassigned* fund balance of the Governmental Funds, a total of \$67,115,841 at June 30, 2022, is available to use for any purpose.
- In fiscal year 2011, the City Commission established a policy that the General Fund's unassigned fund balance should be 15% of current expenditures, including transfers-out. The unassigned portion of the fund balance of the General Fund totalled \$68,232,832 at year-end; an increase of \$23,177,496 from the previous year and 45.2% of 2022 General Fund expenditures. The unassigned fund balance at the end of the year was \$45.6 million above the fund balance policy. The Commission also created a Budget Stabilization Fund with a policy goal that it hold 10% of current General Fund expenditures. That goal was first achieved in fiscal year 2016. State law requires this be held in a separate fund to better control its use, but accounting standards dictate its presentation be blended as part of the General Fund. The current balance of 9.47% of current General Fund expenditures is presented as \$14,298,835 in committed fund balance within the General Fund.
- The City redeemed \$96.5 million of old bond obligations in exchange for \$101.7 million of new bonds issued during the fiscal year. Additionally, the City incurred \$11.8 million in new debt related to 2021 limited tax government obligation capital improvement bonds for street lighting. The total remaining debt of the City and its component units decreased by \$31,710,295 as a result of principal payments and other reductions. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.

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 sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This annual comprehensive financial report also contains other supplementary information in addition to the basic financial statements.

Management's Discussion and Analysis (Continued)

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 the City's assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference between the four categories 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.

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 when 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 resulted from cash flows in prior years or will result in cash flows in future fiscal periods (e.g., depreciation and amortization, changes in pension liabilities, and earned but unused vacation leave).

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, culture and recreation, and urban and community development. The major business-type activities of the City are the Water Supply System, Sewage Disposal System, and the Parking System.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also nine legally separate authorities and a court system, for which the City is financially accountable. They are a Downtown Development Authority, a Tax Increment Finance Authority, a SmartZone Authority, a Brownfield Redevelopment Authority, five Corridor Improvement Authorities, and the 61st District Court. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government wide statements can be found on pages 19-22 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 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 is useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 23-24 and 26-27 of this report.

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 will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities* on pages 25 and 28.

Management's Discussion and Analysis (Continued)

The City maintains four major and twenty-one non-major individual 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 balances for the general fund and all major special revenue and capital project funds. Data from the non-major governmental funds are combined in a single column presentation on the governmental fund statements. Individual fund data for each of these non-major governmental funds is provided in the *combining statements* section of this report on pages 120-123.

The City adopts an annual appropriated budget for most of its governmental funds. Throughout the year, the budget is amended based on changing conditions (e.g. the award of a grant). Budgetary comparison statements have been provided in the required supplementary information section of this report for the major funds to demonstrate compliance with this budget. The budgetary comparison schedule on page 119 shows the general fund budget at the department level, which is where it is legally adopted. Budget comparison statements have also been provided for the non-major special revenue funds on page 124.

Proprietary funds: The City maintains two different types of proprietary funds. *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 Water Supply System, Sewage Disposal System, Parking System, Cemeteries and Belknap Ice Arena. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Information Technology, Motor Equipment System, Facilities Management, Insurance Payment, Engineering, and 311 Customer Service Funds. These internal service funds have been allocated to both *business activities* and to *governmental activities* in the government-wide statement of activities.

Proprietary funds use the full accrual basis of accounting which includes capital assets with depreciation and long-term liabilities. The focus is on the full cost of funding services. The proprietary fund financial statements provide separate information for the major enterprise funds of the City. The non-major enterprise funds and the internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 29-33 of this report.

Individual fund data for the non-major enterprise funds and internal service funds are provided in the *combining statements* section of this report, pages 125-132.

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 City uses fiduciary funds to account for its pension trusts, other post-employment benefit trusts and agency tax funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report with important additional detail on pages 135-136.

Notes to the financial statements: The notes provide additional information that is essential for 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 40-99 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* regarding the budgetary comparisons of the City's general fund and the major and local street special revenue funds as well as multi-year schedules of funding for the City's defined benefit retirement and OPEB programs. This supplementary information is found on pages 100-117 following the notes to financial statements.

At the end of the report, on pages 139-159 are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall financial position of the City by showing current information in a multi-year context.

Management’s Discussion and Analysis (Continued)

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary
	Activities	Activities	Activities	Activities	Government	Government
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 384,053,597	\$ 304,974,117	\$ 213,083,747	\$ 231,793,503	\$ 597,137,344	\$ 536,767,620
Capital assets, net of accumulated depreciation	320,564,731	317,334,404	916,013,786	909,712,813	1,236,578,517	1,227,047,217
Total Assets	704,618,328	622,308,521	1,129,097,533	1,141,506,316	1,833,715,861	1,763,814,837
Deferred outflows of resources	55,447,325	59,258,415	11,269,463	21,140,750	66,716,788	80,399,165
Current liabilities	121,657,338	85,297,849	15,265,140	8,065,374	136,922,478	93,363,223
Non-current liabilities	237,644,108	324,386,491	499,374,608	556,409,682	737,018,716	880,796,173
Total Liabilities	359,301,446	409,684,340	514,639,748	564,475,056	873,941,194	974,159,396
Deferred inflows of resources	140,353,094	66,716,148	19,378,976	4,678,116	159,732,070	71,394,264
Net investment in capital assets	254,278,896	257,859,021	460,567,972	440,122,469	714,846,868	697,981,490
Restricted net position	29,285,971	24,647,736	33,752,511	37,775,435	63,038,482	62,423,171
Unrestricted net position	(23,153,754)	(77,340,309)	112,027,789	115,595,990	88,874,035	38,255,681
Total Net Position	\$ 260,411,113	\$ 205,166,448	\$ 606,348,272	\$ 593,493,894	\$ 866,759,385	\$ 798,660,342

Total net position at June 30, 2022 was \$866,759,385, an increase of \$68,099,043 from the net position at June 30, 2021 of \$798,660,342.

The City’s current and other assets increased by \$60,369,724 or 11.25%. Governmental activities saw a \$79,079,480 increase in current and other assets attributable to increase in equity in pooled cash and investments. Business type activities saw a \$18,709,756 decrease in current and other assets primarily due to the reduction of equity in pooled cash and investments and restricted assets required by certain bond issues during the year.

Total deferred outflows of resources decreased by \$13,682,377 during the year. The decrease was primarily due to assumption changes within the General Pension Plan with regards to economic and demographic factors. These changes are amortized over a closed period equal to the average of the expected remaining period of service for all system members respectively. See Note 7 Pension Plans on pages 73-80 for additional information.

The total liabilities of the primary government decreased 10.29% or \$100,218,202. Current liabilities increased \$43,559,255 or 46.67%. Non-current liabilities decreased \$143,777,457 or 16.32%.

Total deferred inflows of resources increased by \$88,337,806 during the year primarily due to the net difference between projected and actual earnings on pension plan investments for both the General and Police & Fire Plan. Both plans saw significant changes due to changes in economic and demographic factors related to pensions. These differences are amortized over 5 years and over a closed period equal to the average of the expected remaining period of service for all system members respectively.

By far, the largest portion of the City’s net position (82.5%) is its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); 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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The City’s restricted net position is primarily restricted for debt service and authorized capital projects. The remaining balance, *unrestricted net position* \$88,874,035, may be used to meet government’s on-going obligations to citizens and creditors consistent with the purpose of the fund containing the assets. Only the \$68.2 million of the General Fund’s *unassigned* fund balance shown on page 23 is freely available or transferable to support the operations of the General Fund or of any other fund. As noted on page 4, the ending unassigned fund balance is \$45.6 million more than the target goal in the fund balance policy.

Management’s Discussion and Analysis (Continued)

Capital Asset and Debt Administration

	City of Grand Rapids' Capital Assets (net of depreciation)					
	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
	Land	\$ 27,055,048	\$ 27,055,048	\$ 14,706,068	\$ 14,706,068	\$ 41,761,116
Easements/Right of Way	1,630,489	1,323,115	3,469,479	3,132,850	5,099,968	4,455,965
Land improvements	28,423,123	28,987,008	12,121,139	11,405,145	40,544,262	40,392,153
Buildings and structures	57,371,687	57,587,177	101,191,547	103,843,353	158,563,234	161,430,530
Storage tanks	-	-	10,287,022	9,323,082	10,287,022	9,323,082
Machinery and equipment	17,097,549	17,191,874	152,950,328	151,819,829	170,047,877	169,011,703
Motor vehicles	25,520,756	26,577,924	2,288,964	2,914,456	27,809,720	29,492,380
Furniture	4,501	6,552	6,915	7,150	11,416	13,702
Software	-	8,224	-	-	-	8,224
Water and sewer mains	-	-	598,572,993	581,675,592	598,572,993	581,675,592
Infrastructure	117,829,606	112,286,516	-	-	117,829,606	112,286,516
Lease assets	49,238	-	2,699,044	-	2,748,282	-
Construction in progress	45,582,734	46,310,966	17,720,287	30,885,288	63,303,021	77,196,254
Total	<u>\$ 320,564,731</u>	<u>\$ 317,334,404</u>	<u>\$ 916,013,786</u>	<u>\$ 909,712,813</u>	<u>\$ 1,236,578,517</u>	<u>\$ 1,227,047,217</u>

Capital assets: The City’s investment in capital assets for its governmental and business type activities as of June 30, 2022 amounts to \$1,236,578,517 (net of accumulated depreciation). This investment in capital assets is summarized above. The City’s new investments in capital assets for the current fiscal year (before disposals or depreciation allowances) totalled \$65.5 million. Major capital asset events during the current fiscal year included the following:

- Water Supply System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$40,913,443 during the year ended June 30, 2022. Construction in progress on additional projects not completed as of June 30, 2022 totalled \$7,889,642.
- Various Sewage Disposal System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$21,285,234 during the year ended June 30, 2022. Construction in progress on additional projects not completed as of June 30, 2022 totalled \$9,651,264.
- Rehabilitation or reconstruction of major and local streets were completed at a cost of \$17,441,224.
- Assets owned by others that the City has the right to use have been segregated in accordance with GASB Statement No. 87 *Leases*. The total such assets included as capital assets for its governmental and business type activities as of June 30, 2022 amounts to \$2,748,282.

Additional information on the City’s capital assets can be found in note 5 of the notes to the financial statements.

Management’s Discussion and Analysis (Continued)

City of Grand Rapids' Outstanding Debt
Limited Tax Bonds, Revenue Bonds and Long-term Contracts

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Limited tax pledge bonds	\$ 38,745,000	\$ 30,385,038	\$ 21,440,000	\$ 23,177,762	\$ 60,185,000	\$ 53,562,800
Revenue bonds	14,985,000	16,850,000	406,354,480	418,519,480	421,339,480	435,369,480
Long-term contracts	10,220,000	10,735,000	430,965	638,460	10,650,965	11,373,460
Total	<u>\$ 63,950,000</u>	<u>\$ 57,970,038</u>	<u>\$ 428,225,445</u>	<u>\$ 442,335,702</u>	<u>\$ 492,175,445</u>	<u>\$ 500,305,740</u>

Long-term debt: At June 30, 2022 the City had total long-term debt outstanding of \$492,175,445. Of this amount, \$60,185,000 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds generally require the City to provide sufficient moneys from its general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within its boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. As a practical matter the City pledges its limited full faith and credit on various debt issues to lower debt service costs paid by funds other than the general fund; e.g. the building authority, library, streets, etc. The remainder of the City’s debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City’s total bonded debt does not include the June 30, 2022 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$24,468,856 issued in 2001 and 2013 to finance a substantial portion of the new DeVos Place Convention Center. The County of Kent has the sole responsibility for the repayment of this debt through their Hotel/Motel tax receipts and general assets. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

All normally scheduled debt payments were made during fiscal year 2022. Additional information on the City’s long-term debt can be found in note 6 of the notes to the financial statements.

Management’s Discussion and Analysis (Continued)

Changes in Net Position

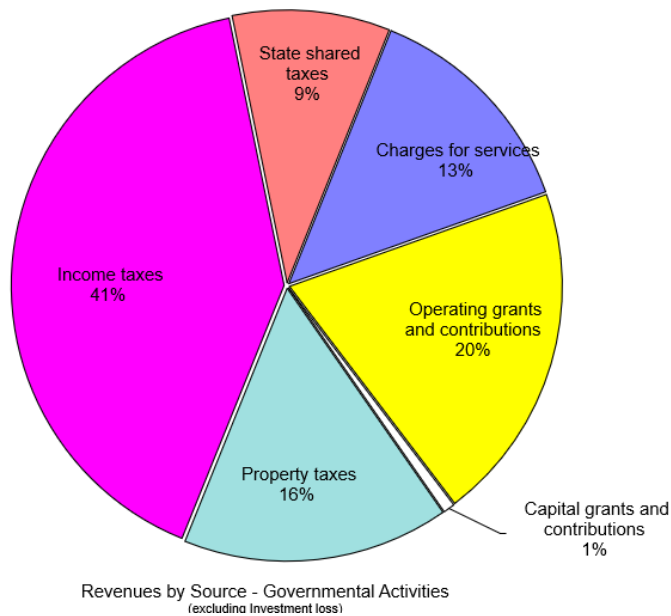
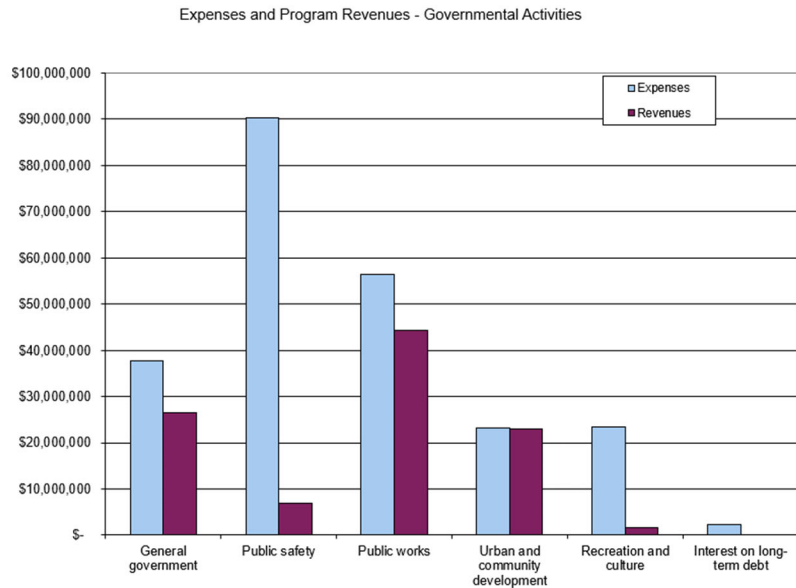
	City of Grand Rapids' Changes in Net Position					
	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary
	Activities	Activities	Activities	Activities	Government	Government
	2022	2021	2022	2021	2022	2021
Revenue:						
Program Revenue:						
Charges for services	\$ 40,583,236	\$ 38,742,616	\$ 139,510,948	\$ 126,024,867	\$ 180,094,184	\$ 164,767,483
Operating grants and contributions	60,795,884	58,468,438	1,372,361	684,887	62,168,245	59,153,325
Capital grants and contributions	2,074,808	1,250,844	3,003,774	15,310,402	5,078,582	16,561,246
General Revenue:						
Property taxes	47,728,580	44,952,942	-	-	47,728,580	44,952,942
City Income taxes	122,928,335	101,814,872	-	-	122,928,335	101,814,872
Unrestricted state-shared revenue	28,259,417	24,077,656	-	-	28,259,417	24,077,656
Unrestricted investment income	(13,814,112)	3,722,329	(6,465,998)	987,174	(20,280,110)	4,709,503
Miscellaneous	984,977	514,763	1,239,904	876,428	2,224,881	1,391,191
Gain (loss) on sale of capital assets	53,308	206,001	-	(11,535)	53,308	194,466
Total Revenue	<u>289,594,433</u>	<u>273,750,461</u>	<u>138,660,989</u>	<u>143,872,223</u>	<u>428,255,422</u>	<u>417,622,684</u>
Expenses:						
General government	37,635,497	39,126,873	-	-	37,635,497	39,126,873
Public safety	90,373,298	97,300,350	-	-	90,373,298	97,300,350
Public works	57,265,534	60,070,801	-	-	57,265,534	60,070,801
Recreation and Culture	23,410,355	25,427,655	-	-	23,410,355	25,427,655
Urban & Community Development	22,386,293	23,972,817	-	-	22,386,293	23,972,817
Interest on long-term debt	2,392,755	2,295,664	-	-	2,392,755	2,295,664
Water Supply System	-	-	44,569,577	44,905,277	44,569,577	44,905,277
Sewage Disposal System	-	-	61,507,678	63,941,043	61,507,678	63,941,043
Other Enterprises	-	-	20,615,392	22,551,511	20,615,392	22,551,511
Total Expenses	<u>233,463,732</u>	<u>248,194,160</u>	<u>126,692,647</u>	<u>131,397,831</u>	<u>360,156,379</u>	<u>379,591,991</u>
Change in Net Position before Transfers	56,130,701	25,556,301	11,968,342	12,474,392	68,099,043	38,030,693
Transfers	(886,036)	(657,947)	886,036	657,947	-	-
Change in Net Position	55,244,665	24,898,354	12,854,378	13,132,339	68,099,043	38,030,693
Net Position - beginning	205,166,448	180,268,094	593,493,894	580,361,555	798,660,342	760,629,649
Net Position - ending	<u>\$ 260,411,113</u>	<u>\$ 205,166,448</u>	<u>\$ 606,348,272</u>	<u>\$ 593,493,894</u>	<u>\$ 866,759,385</u>	<u>\$ 798,660,342</u>

Governmental activities: Governmental activities increased the City’s net position by \$55,244,665. Key elements within this change are as follows:

- Tax revenues increased by \$28.1 million in FY 22 due primarily to \$21.1 million increase in income taxes and \$4.2 million increase in state shared taxes.
- Public safety expenses decreased \$6.9 million over the prior year. The allocation of non-cash pension expenses resulting from changes in net pension liabilities can be volatile. Changes in pension expenses accounted for \$6.2 million of the decrease in expenses this year.
- Public safety expenses, primarily police and fire department personnel costs, remain the largest single category of City spending.
- Public works expenses decreased \$2.8 million from the prior year. Many street projects which were delayed in FY 20 were completed in FY 21, thus decreasing overall capital outlay expenditures in FY 22.

Management’s Discussion and Analysis (Continued)

- Recreation and Culture expenses decreased \$2.0 million primarily due to reduction in OPEB and pension expense allocations.
- Unrestricted investment earnings in 2022 were down \$17.5 million from the prior year. Rate of returns fluctuated throughout the year in reaction to the Federal Reserve raising key interest rates from 0.00 – 0.25% to 1.50 – 1.75%. Bond market prices have an inverse relationship with interest rates. As interest rates increase, market prices of outstanding bonds decrease, and vice versa. Governmental accounting standards require the City to adjust the portfolio to market values. Market value gains or losses are only realized when portfolio securities are sold.

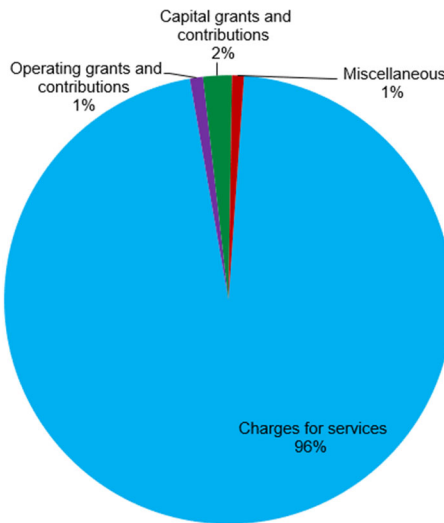
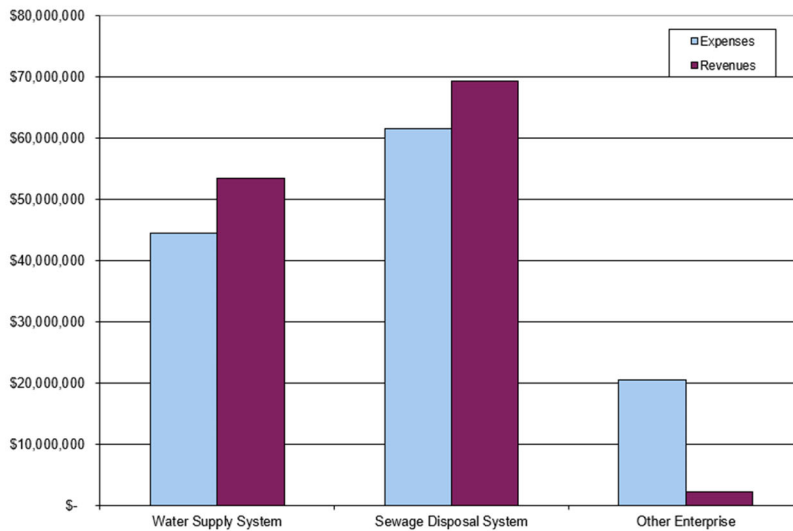


Management’s Discussion and Analysis (Continued)

Business-type activities: Business-type activities increased the City’s net position by \$12,854,378. The key elements of this increase are as follows:

- The Sewer System’s billed volume increased 4.13% as the prior year experienced a significant reduction in infiltration and inflow as a result of dry weather conditions and sewer lining projects. In addition, the System rebounded from volume impacts related to partial or total closures of commercial business and schools during the pandemic. Increased bill volume combined with a mid-year rate increase resulted in an increase of \$6.7M in charges for services.
- The Parking System, which is classified as Other Enterprises in FY 22, had an increase in operating income before capital contributions of \$8.9M during the year. This was primarily due to increase in on-street and off-street revenue due to lifting of pandemic restrictions and resumption of downtown activities.
- The two major funds and the Parking System were able to generate an operating margin sufficient to fund their current operating expenses and make all required debt service payments.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities
(excluding investment loss)

Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. The change in total fund balance, less any non-spendable portion, indicates whether the City is accumulating or using resources that were available to support future activities.

As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$188,875,156. Of this total, all but \$67,115,841 of unassigned fund balance has been spoken for in the sense that it is either non-spendable, restricted by an outside party, committed to identified projects by the City Commission, assigned to a specific fund or purpose prior to year-end, or a deficit in a governmental fund. A summary of restrictions by fund appears on page 97.

The General Fund is the primary operating fund of the City. At June 30, 2022, the fund had an unassigned fund balance of \$68,232,832. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represented 45.2% and 65.1%, respectively, of total fiscal year 2022 General Fund expenditures, compared to the unassigned and total fund balance representing 29.9% and 49.1% of fund expenditures a year earlier. The fund's fund balance increased \$24,476,166 during fiscal year 2022 driven by a significant increase in revenues while at the same time holding expenditures to only a modest increase year-over-year, resulting in a significant excess of revenues over expenditures in fiscal year 2022. On the revenue side, income tax far outperformed expectations due to 12.4% increase in base revenue (attributable to both wages and company profits) and increase in compliance revenue combined with an increase in State Grants, which was bolstered by additional COVID relief funding. On the expenditure side, an increase in personal services was largely offset by reduced subsidies (transfers out of the General Fund).

As originally adopted, the General Fund budget anticipated an increase in fund balance of \$20,640,535. There are two primary factors comprising the approximately \$3.8 million difference. The first factor is the increase in actual excess of revenue over expenses from original budget for reasons discussed in the preceding paragraph. Secondly, the original budget anticipated appropriation lapses, an assumption developed in recognition that the entire amount of an approved expenditure is generally not fully spent, of \$4.8 million whereas none were recognized during fiscal year 2022.

The Major Street Fund saw an increase of \$3,692,522 in fund balance. This is mainly due to an increase in income taxes and state-shared taxes of \$3.98 million.

The Local Street Fund saw an increase of \$1,032,859 in fund balance. While revenues increased by a little over \$365,000 from the prior year, expenditures were lower for payroll and capital projects resulting in the fund balance increase.

The fund balance of the General Capital Construction Fund saw an increase in fund balance of \$12,040,936. This is due primarily to an increase of \$11.8 million related to issuance of capital improvement bonds.

While the fund balances of the City's non-major governmental funds remained consistent with fiscal year 2021, total excess of expenditures over revenues improved by \$7.6 million thereby decreasing net transfers in to support activities by \$4.5 million.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water Supply System, Sewage Disposal System and non-major enterprise funds at the end of the year amounted to \$99,248,961. The total net position for enterprise funds is \$593,569,444, the bulk of which are the assets used to provide services to customers. The major factors concerning the finances of the three major funds have already been addressed in the discussion of the City's business-type activities.

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

During the year the general operating fund (GOF) budget increased by \$1,456,520. The changes were:

- \$5,411,437 was appropriated from American Rescue Plan Act (ARPA) funding for the City's response to the coronavirus pandemic including initiatives to aid with economic recovery and relief. This amount was appropriated as follows:
 - Public safety payroll - \$2,866,729
 - Equitable Business Development program - \$1,500,000
 - Fire Academy for 15 Recruits - \$500,000
 - Homeless Outreach Team (HOT) and Network 180 - \$336,882
 - Government Finance Officers Association ERP Consulting - \$100,000
 - Reimbursement of other qualified expenses - \$107,826
- Reductions of \$6,112,511 related to the transfer of adopted ARPA appropriation from the General Administration Department to other GOF departments (\$5,411,437) as well as to funds and departments outside of the GOF (\$701,074).
- \$146,871 was appropriated from Grand Rapids Public Schools for reimbursement of an August 2021 Special Election.
- \$365,084 was appropriated for two position additions as well as a transfer and substitution. The positions included a Budget Analyst, Financial Systems Analyst, and a Healthy Buildings Policy Specialist.
- \$858,058 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.
- \$150,000 was transferred from the City's Transformation Fund and appropriated for Government Finance Officers Association ERP Consulting (in addition to \$100,000 provided by ARPA funds).
- \$375,000 was appropriated for a Community-Led Violence Reduction Program including \$300,000 from a grant award with the balance furnished by the City.
- \$70,000 was appropriated from two grant awards for the Community Collaboration on Climate Change (C4) in partnership with the Hispanic Center of Western Michigan, which has been selected to serve as the fiduciary partner.
- \$77,581 in reserved funding was appropriated for transfer to the Grand Rapids Affordable Housing Fund for which the Grand Rapids Community Foundation serves as the fiduciary.
- \$50,000 was appropriated for temporary services in the Income Tax Department allowing for full utilization of fieldwork staff.
- \$65,000 from the sale of obsolete radios was appropriated for Dispatch CAD monitors and workstations as well as applicant background investigation software for the Police Department.

The adopted contingency budget was \$1,500,000 of which \$98,855 was allocated to the District Court Grants Fund for continuation of the Domestic Assault Response Team (DART) Program after grant funding was not renewed and expired.

Actual departmental and other expenditures and transfers-out in the General Fund were \$2,528,134 over amended appropriations, which included a budgeted appropriation lapse of \$4,800,000.

Budgetary basis revenues for the year ended June 30, 2022 were \$6,199,611 higher than the amended budget. There were several drivers of this increase including:

- Income Tax Revenue exceeded the amended budget by approximately \$29 million or 39.7% due to base revenue growth outperforming assumptions in both FY2021 and FY2022 (the City's forecasting methodology utilizes prior year actual results or most recent estimate as the current year starting point). In addition to base income tax revenue growth, FY2022 compliance revenue exceeded the forecast by approximately \$6.1 million or 61% (generated by addressing a backlog of income tax compliance work).

Management's Discussion and Analysis (Continued)

- ARPA grant revenue totaling approximately \$13.8 million was lower than the amended budget by approximately \$21.7 million or -61.1%. The adopted budget included the full amount of the second installment less amounts allocated outside of the General Fund. Budget amendments reduced the adopted budget amount as transfers to non-GOF funds were approved including the 61st District Court, Parking and Facilities Management.
- State revenue sharing exceeded the amended budget by approximately \$5.2 million or 27% due in part to a nearly \$1.1 million one-time 2020 census adjustment as well as favorable revisions to the State's Constitutional revenue forecast not captured in the amended budget.
- Investment income & Rentals is below the amended budget by approximately \$6.5 million or -803.3% due to a considerable GASB 31 mark-to-market adjustment in FY2022 and reversal of the FY2021 unrealized gain. GASB 31 requires that the City's investments be reported at fair market value for financial reporting purposes.

In June 2022, the City received the second of two installments under the American Rescue Plan Act (ARPA) grant in the amount of \$46,139,750 bringing total ARPA grant funding to \$92,279,500. The State and Local Fiscal Recovery Funds compliance report through June 30, 2022, reflected obligations and expenditures of approximately \$17.5 million and \$16.9 million, respectively. In April 2022, Guidehouse, Inc. ("Guidehouse") was retained by the City to provide financial consulting services regarding Federal and State grants related to Covid-19 projects, as well as help evaluating other grant or charitable opportunities which would optimize funding opportunities for the City, including but not limited to the American Rescue Plan Act, FEMA, and the Infrastructure Investment and Jobs Act. Guidehouse is providing services to the City as required for the financial administration (including a citywide project information gathering and approval process), oversight, and reporting of Federal and State grant monies as related to ARPA. As the City already has, and continues to, develop plans to expend ARPA funds, Guidehouse will conduct project risk assessments to identify potential eligibility concerns. As the City Commission approves resolutions for ARPA funds, Guidehouse will help design projects and internal controls to maintain compliance, develop project budgets, and assist with the day-to-day operations as needed. Additionally, they will support the City in preparing project reports to use for project adjustments, ARPA reporting requirements, and transparent communications with the public. Beyond assistance needed with ARPA administration and compliance, Guidehouse will help the City develop competencies for centralization of grant management and position the City to act proactively in finding funding opportunities.

Base Income Tax revenue was forecast to increase by 8% in FY 2022 with compliance receipts totaling \$10 million. However, the budget was not amended to reflect this revised forecast. The amended budget was based upon a 17.6% revenue decline in FY2021 (actual FY2021 decline was 2.65%) followed by a 2% increase in FY2022. Income tax revenue exceeded even the revised forecast in FY2022 for the following reasons:

- Refunds totaling approximately \$3.4 million were disallowed for failure to provide required documentation (approximately 50% of these refunds are anticipated to ultimately be refunded).
- There was no refund accrual adjustment in FY2022 compared to \$4 million adjustment in FY2021.
- One-time withholding compliance revenue of \$4.2 million related to cannabis and out-of-state businesses.
- Strong corporate receipts as businesses retain cash and lower expenditures in anticipation of an economic downturn.
- Strong growth in wages and other taxable income driven by inflation and other economic conditions.

The income tax forecast includes assumptions related to non-resident withholding and potential refunds attributable to non-resident allocation of income out of the City (and therefore, non-taxable by the City of Grand Rapids) as employees continue working from home. Adjusted citywide refunds totaled approximately \$18.9 million and \$13.5 million in FY2021 and FY2022, respectively. Non-resident refunds increased significantly in calendar year 2021 and 2022 while non-resident withholding simultaneously decreased during this same time period. These trends are expected to begin reversing in calendar 2023 as remote work continues to decline from its pandemic peak. Forecasts incorporate assumptions regarding the timing, depth and duration of potential economic downturns which could result in loss of income tax revenue due to higher unemployment (thereby shifting taxable wages to non-taxable unemployment compensation) as well as the potential for lower corporate profits.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2023 (FY 2023) budget. Once again, the City's strategic plan was employed to guide investments included in our Fiscal Plan. Progress requires strategic focus on outcomes, dedication, targeted investment, and transparent performance measurement that is data driven. Strategic planning harnesses the energy of an organization and directs it toward work that will achieve the highest priority outcomes. Reporting on results enables us to evaluate progress, understand impact on outcomes and adjust as necessary. The Strategic Plan has served us well in good times and has proven even more valuable during recent economic uncertainty. Reliance on the Strategic Plan enabled development of a Fiscal Plan that is fiscally sustainable, remains focused on our values, continues progress toward outcomes, and emphasizes investments in community and economic recovery.

Our focus for Fiscal Year 2023 is to maintain continuity of services, nurture the momentum of continued economic recovery and growth, and provide transformational investments where possible. The GOF budget achieves these objectives while growing by only 5.3% in the face of inflationary growth that has exceeded 9% over the last year. The prudent financial policies implemented after the 2008 recession positioned the City well for the current economic climate to absorb an array of challenges including supply chain shock and cost variability. To date, the City has been positioned to make thoughtful decisions and adjustments to the pressure brought on by the pandemic and the economic uncertainty that continues to this day. As a result, any adjustments that were implemented did not impact the delivery of services or impose negative impacts on our partner organizations and community. Leveraging external funding opportunities remains critical for the City, especially with the looming threat of another economic slowdown predicted within the coming year as inflation becomes an increasing factor. The ARPA grant award allows the City to continue to maintain essential services as well as assist in spurring local economic recovery and growth. The City will continue to explore innovation projects that can bring down the cost of delivering services and improve efficiencies. An example is investment in a new Enterprise Resource Planning (ERP) system which will increase productivity, standardize processes, reduce operating costs, centralize data, and integrate knowledge. Implementation is expected to begin in the first quarter of 2023. To help spur the local economy, one-time relief money is being utilized to help local businesses that could sustain or grow employment in the region and help bolster income tax receipts. Should another economic recession impact the City, there will need to be a re-prioritization of services outside of the programs the City is legally mandated to support. Even with strong reserves and the infusion of ARPA funds, continued innovation and strong economic growth is needed to secure a strong financial future - especially in the (post-ARPA) out years of the five-year fiscal plan.

FY 2023 is the seventeenth year that five-year operating budgets have been prepared. The City must continue transformative change to help correct the running deficits in the General Fund estimated to extend across the five-year period. Absent ARPA revenue replacement, expenditures are projected to exceed revenues so without cost savings or revenue growth exceeding current expectations, this structure is unsustainable. Among the many uncertainties impacting the income tax growth rate is whether (or to what extent) the pandemic has spurred permanent change in the way companies do business. It has yet to be fully determined how many nonresident workers will return to full-time, in-office work. The City will continue to monitor this aspect of the income tax base and will adjust growth expectations accordingly as we learn more. In addition, the City continues to advocate for legislative change with respect to income tax revenue.

When trying to forecast local economic conditions and revenues, expectations typically would be based on the experience of past recessions. The unique cause and characteristics of the current economic climate have made the past a less reliable guide. In addition to ongoing pandemic recovery efforts, the City now faces the further challenges of inflation, supply chain disruption and labor shortages in vendors and contractors that provide services to the City. The City and local employers are challenged to attract, hire and retain staff, which is compounded by what some have called the "great resignation." Return-to-work practices are evolving in the business community, and this creates uncertainty with respect to income taxes. In addition to our local challenges, national and international challenges loom larger than they have in decades, with continuing uncertainty about the future trajectory and impacts of the pandemic, ongoing devastating and economically disruptive conflict in Ukraine, and urgent need for international cooperation to address critical global issues like climate change.

Management's Discussion and Analysis (Continued)

Given the unpredictable economic climate, the City has taken a cautious and measured approach to preserve financial stability, maintain our workforce, and avoid reducing or disrupting services to the public. This approach included use of coronavirus relief funds received from various sources, use of financial reserves, and reduction of City costs where possible while maintaining services.

Similar to FY 2022, the FY 2023 Fiscal Plan was built on the "continuation" budget concept, which maintains current service levels and plans for increases in legal obligations, like previously negotiated raises, debt service, and other signed contractual agreements. The budget does not reduce essential services but enhances service delivery in key areas and proposes a property tax millage rate reduced from 8.9950 to 8.8331 (approximately 2% reduction). In FY 2023, collective bargaining agreements were reached between the City and its labor unions for the contract period of July 1, 2022 through June 30, 2025. Wage and benefit adjustments were approved as part of the new agreements for this same time period. Amendments to the FY2023 budget ordinance accounted for differences between the amounts included in the FY2023 adopted budget and the terms of the bargaining agreements. On average, wages are expected to increase 5%, 3%, and 2% in FY2023-25 respectively, in accordance with bargained union contracts (4%, 2%, and 2% was forecast in FY2023-25 for most labor units in the Fiscal Plan). Labor costs combined with inflation, supply chain issues, and rising interest rates means that the cost to maintain current services will be notably higher than last year. Departments were directed to take anticipated contractual, labor and material cost increases into account in formulating their FY2023 budget requests. The budget accommodates 11 staffing additions made by budget amendment during FY2022 as well as 9 staffing additions in FY2023 (Parks – 3; Refuse - 3 Library –2; OPA – 1) to achieve strategic plan outcomes for a total of 1,667 authorized positions. This is approximately 300 fewer positions than 2002 staffing levels at a time when the City continues to see steady population growth and demand for services.

It is anticipated that the City will leverage a significant portion of ARPA relief money to replace revenue shortfalls (approximately \$24.2 million forecast across multiple funds in FY2023), improving the sustainability of the General Fund. One of the specified uses for this relief money is to "provide government services to the extent of revenue lost," which means the City will be able to maintain the current level of services in FY 2023. Another specified use is to "respond to the public health emergency or its negative economic impacts" (\$15.4 million investment anticipated in the FY2023 spending plan). Significant planned investments in FY2023 include the Homeless Outreach Team (HOT), small business assistance, participatory budgeting, affordable housing/vulnerable populations, and violence reduction/co-response. The pandemic has also impacted other operating funds outside of the General Fund. Event and entertainment venues were shuttered for an extended period resulting in reduced Parking Fund revenue. The Vital Streets, Sidewalk and Capital Reserve Funds all have potential exposure to reduced income tax receipts. In addition, the 61st District Court experienced a considerable revenue decline due to restrictions in services during the pandemic exacerbating existing declines from the decriminalization of certain offenses and other legislative changes. This relief funding has provided leadership with time to consider longer-term cost saving measures or revenue enhancements that will start to correct long-term structural challenges.

The adopted budget for FY 2023 forecasts a 4.0% increase in local income tax collections above the FY 2022 estimated revenue, or 11.4% below the actual FY 2022 results. Staff will closely monitor FY 2023 income tax receipts and propose adjustments to the revenue forecast if appropriate. Total local property tax revenues are expected to show steady increases of slightly above 2% over the five-year forecast after ending FY 2022 slightly better than estimated. Future budget forecasts reflect the maintenance of effort support from the General Fund that were promised to the voters as a part of the successful campaigns to create dedicated tax revenues to support parks and street improvements. The Parks Fund will receive \$6.83 million in FY 2023, and the Vital Streets Fund will resume its annual \$850,000 of General Fund support beginning in fiscal 2025. The Vital Streets Fund received an additional maintenance of effort transfer in FY 2021 from a budget amendment in the amount of \$2.55 million (equivalent to three annual support transfers) approved to partially fund a debt service balloon payment made in August 2020. In addition, forecasts anticipate continuing General Fund subsidies providing approximately half of the cost of operating the District Court, as well as continuing to provide any required local grant match dollars required by the District Court in its Grants Fund.

Management's Discussion and Analysis (Continued)

The City's capital plans have been prepared within the context of five years for many years and include sustainable asset management strategies across all business units. The City has intentionally chosen to make investments via an asset management strategy to maintain essential capital systems that require long-term investments, often 20-year projections. These investments account for a large majority of the total capital budget. The physical location of these assets and the timing of investments required to maintain them drive the majority of our capital investment and impact balance and distribution. In the Strategic Plan, the City committed to evaluating all capital projects based on strategic priorities, balance and distribution across the Wards, and investment in Neighborhoods of Focus (NOFs). Having these forward-looking projections allows the organization to make informed decisions on whether there is a need to pare back current plans or an opportunity to set and achieve new goals. The current capital set-aside of 4.25% may be insufficient to maintain all City asset classes over a long-term horizon. As a result, the FY 2023 Fiscal Plan includes an annual 0.25% increase beginning in FY 2024 until the 5.00% target is reached by FY 2026. The capital set-aside is calculated only on the portion of income tax revenue that is not committed to the Vital Streets program in accordance with the income tax extension request approved by voters in FY 2015.

The City must continue to invest strategically so that we may become sustainable in all areas of operation. There needs to be a conscious effort to continue to maintain the operational budgetary discipline of revenues exceeding expenditures created by increasing efficiencies, paying continued careful attention to total compensation and by implementing data-driven performance management. In October 2022, an updated version of the strategic plan was shared, which continues the foundational elements of the first version and is informed by the innovation and agility spurred by the pandemic that resulted in both temporary and permanent changes to our operations. We will continue to refine the city-wide strategic plan, which was built upon commission priorities, citizen input and buy-in from top management across the organization.

In spite of the economic and social challenges currently facing the City, the City remains resilient and positioned for success in FY 2023 and beyond with the ability to make progress on the strategic initiatives put forward in the fiscal plan. While financial structural deficits - particularly in the general fund - are on the horizon once relief funding expires, investments we make in continuous improvement, cost efficiencies, and spurring the local economy will help to mitigate those conditions in future years.

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 City Comptroller Department, 300 Monroe NW, Grand Rapids, MI 49503. Contact telephone number: (616) 456-3189.



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June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Equity in pooled cash and investments (Note 2)	\$ 362,436,722	\$ 121,078,250	\$ 483,514,972	\$ 32,283,430
Receivables:				
Receivables - Net	13,545,722	24,238,826	37,784,548	451,266
Accrued interest receivable	-	-	-	2,506
Due from other governments	11,593,019	-	11,593,019	115,382
Internal balances	(12,778,828)	12,778,828	-	-
Inventory	2,902,421	3,622,611	6,525,032	-
Prepaid expenses and other assets	972	131,094	132,066	-
Restricted assets (Note 4)	5,192,779	45,449,163	50,641,942	-
Investment in joint ventures (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 9)	991,450	-	991,450	-
Capital assets: (Note 5)				
Assets not subject to depreciation	74,268,271	35,895,834	110,164,105	11,076,035
Assets subject to depreciation - Net	246,296,460	880,117,952	1,126,414,412	11,241,939
Other assets	-	217,809	217,809	-
Lease receivable (Note 15)	169,340	3,094,266	3,263,606	-
Total assets	704,618,328	1,129,097,533	1,833,715,861	55,170,558
Deferred Outflows of Resources				
Deferred charges on bond refunding	2,108,286	7,428,032	9,536,318	-
Deferred outflows related to pensions (Notes 7 and 8)	43,804,994	3,089,288	46,894,282	1,096,522
Deferred outflows related to OPEB (Notes 10 and 11)	9,534,045	752,143	10,286,188	369,580
Total deferred outflows of resources	55,447,325	11,269,463	66,716,788	1,466,102
Liabilities				
Vouchers and accounts payable	40,022,811	6,360,524	46,383,335	8,146,692
Due to other governmental units	178,060	-	178,060	-
Accrued liabilities and other	576,274	8,424,326	9,000,600	4,459
Due to participants	-	-	-	527,909
Unearned revenue	78,403,725	480,290	78,884,015	267,260
Customer deposits	2,476,468	-	2,476,468	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets:				
Interest payable from restricted assets	-	580,348	580,348	-
Principal payable from restricted assets (Note 6)	-	17,950,000	17,950,000	-
Current portion of compensated absences	6,677,073	1,232,986	7,910,059	307,162
Current portion of claims payable	5,693,811	-	5,693,811	-
Current portion of bonds, contracts, and leases payable (Note 6)	6,299,580	2,515,593	8,815,173	185,393
Due in more than one year:				
Compensated absences	8,615,231	1,590,884	10,206,115	396,462
Provision for claims	269,800	-	269,800	-
Net pension liability (Notes 7 and 8)	136,348,436	18,151,422	154,499,858	6,440,156
Net OPEB liability (Notes 10 and 11)	11,645,636	3,014,914	14,660,550	1,421,592
Bonds, contracts, notes, and leases payable (Note 6)	62,094,541	454,338,461	516,433,002	1,412,680
Total liabilities	359,301,446	514,639,748	873,941,194	19,109,765
Deferred Inflows of Resources				
Deferred inflows related to pensions (Notes 7 and 8)	87,695,935	11,905,363	99,601,298	3,803,449
Deferred inflows related to OPEB (Notes 10 and 11)	52,490,532	4,445,741	56,936,273	2,096,255
Deferred inflows related to leases	166,627	3,027,872	3,194,499	-
Total deferred inflows of resources	140,353,094	19,378,976	159,732,070	5,899,704

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City of Grand Rapids, Michigan

Statement of Net Position (Continued)

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 254,278,896	\$ 460,567,972	\$ 714,846,868	\$ 22,179,901
Restricted:				
Public works	20,978,077	-	20,978,077	-
Debt service	-	33,752,511	33,752,511	-
Public safety	1,709,756	-	1,709,756	-
Authorized projects	-	-	-	20,208,128
Culture and recreation	540,710	-	540,710	-
Urban and community development	1,664,699	-	1,664,699	-
Grants	1,256,301	-	1,256,301	-
Nonexpendable - Perpetual care	3,122,158	-	3,122,158	-
Nonexpendable - Culture and recreation	14,270	-	14,270	-
Unrestricted	(23,153,754)	112,027,789	88,874,035	(10,760,838)
	\$ 260,411,113	\$ 606,348,272	\$ 866,759,385	\$ 31,627,191
Total net position				

City of Grand Rapids, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 37,635,497	\$ 11,462,872	\$ 15,112,842	\$ -
Public safety	90,373,298	2,903,802	4,036,588	-
Public works	57,265,534	14,156,378	28,194,487	2,074,808
Urban and community development	22,386,293	11,462,240	12,473,737	-
Recreation and culture	23,410,355	597,944	978,230	-
Interest on long-term debt	2,392,755	-	-	-
Total governmental activities	233,463,732	40,583,236	60,795,884	2,074,808
Business-type activities:				
Water Supply System	44,569,577	50,986,717	815,625	1,598,588
Sewer Disposal System	61,507,678	67,532,053	471,278	1,405,186
Other Enterprise	20,615,392	20,992,178	85,458	-
Total business-type activities	126,692,647	139,510,948	1,372,361	3,003,774
Total primary government	\$ 360,156,379	\$ 180,094,184	\$ 62,168,245	\$ 5,078,582
Component units:				
Downtown Development Authority	\$ 12,029,905	\$ 645,035	\$ -	\$ -
Tax Increment Financing Authority	254,639	-	137,086	-
SmartZone Local Development Financing Authority	3,077,821	-	441,209	-
Brownfield Redevelopment Authority	12,795,972	174,797	1,244,337	-
Corridor Improvement Authority	905,078	-	9,696	-
61st District Court	11,910,018	3,403,100	9,835,012	-
Total component units	\$ 40,973,433	\$ 4,222,932	\$ 11,667,340	\$ -
General revenue:				
Taxes:				
Property taxes				
Income taxes				
Unrestricted state-shared revenue				
Unrestricted investment loss				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (11,059,783)	\$ -	\$ (11,059,783)	\$ -
(83,432,908)	-	(83,432,908)	-
(12,839,861)	-	(12,839,861)	-
1,549,684	-	1,549,684	-
(21,834,181)	-	(21,834,181)	-
(2,392,755)	-	(2,392,755)	-
(130,009,804)	-	(130,009,804)	-
-	8,831,353	8,831,353	-
-	7,900,839	7,900,839	-
-	462,244	462,244	-
-	17,194,436	17,194,436	-
(130,009,804)	17,194,436	(112,815,368)	-
-	-	-	(11,384,870)
-	-	-	(117,553)
-	-	-	(2,636,612)
-	-	-	(11,376,838)
-	-	-	(895,382)
-	-	-	1,328,094
-	-	-	(25,083,161)
47,728,580	-	47,728,580	30,511,422
122,928,335	-	122,928,335	-
28,259,417	-	28,259,417	46,605
(13,814,112)	(6,465,998)	(20,280,110)	(2,197,583)
53,308	-	53,308	197,670
984,977	1,239,904	2,224,881	-
186,140,505	(5,226,094)	180,914,411	28,558,114
(886,036)	886,036	-	-
55,244,665	12,854,378	68,099,043	3,474,953
205,166,448	593,493,894	798,660,342	28,152,238
\$ 260,411,113	\$ 606,348,272	\$ 866,759,385	\$ 31,627,191

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Assets				
Equity in pooled cash and investments (Note 2)	\$ 187,354,281	\$ 13,309,924	\$ 2,629,603	\$ 29,991,341
Receivables:				
Receivables - Net	8,881,749	1,697,374	16,871	1,037,822
Due from other governments	4,574,999	3,260,020	887,769	484,961
Inventory	523,266	1,178,630	-	-
Prepaid expenses and other assets	972	-	-	-
Lease receivable	-	109,098	-	-
Total assets	\$ 201,335,267	\$ 19,555,046	\$ 3,534,243	\$ 31,514,124
Liabilities				
Vouchers and accounts payable	\$ 25,774,266	\$ 1,874,612	\$ 236,600	\$ 1,816,511
Due to other governmental units	115,162	-	-	-
Unearned revenue	75,082,286	-	-	-
Customer deposits	598,451	-	-	652,060
Total liabilities	101,570,165	1,874,612	236,600	2,468,571
Deferred Inflows of Resources				
Unavailable revenue - Special assessments	-	-	-	63,133
Unavailable revenue	1,410,362	164,127	-	-
Deferred inflows related to leases	-	106,219	-	-
Total deferred inflows of resources	1,410,362	270,346	-	63,133
Total liabilities and deferred inflows of resources	102,980,527	2,144,958	236,600	2,531,704
Fund Balances				
Nonspendable:				
Inventory	523,266	1,178,630	-	-
Prepays	972	-	-	-
Nonexpendable/Endowment	-	-	-	-
Restricted: (Note 17)				
Grants	-	-	-	-
Authorized projects	39,000	-	-	6,483,780
Public safety	-	-	-	-
Urban and community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	16,231,458	3,297,643	-
Committed: (Note 17)				
Authorized projects	2,000,000	-	-	22,498,640
Other purposes	14,298,835	-	-	-
Urban and community development	223,002	-	-	-
Assigned: (Note 17)				
Ensuing budget year	-	-	-	-
Culture and recreation	-	-	-	-
Urban and community development	-	-	-	-
Public works	-	-	-	-
Authorized projects	549,028	-	-	-
Compensated absences	11,432,977	-	-	-
Other purposes	1,054,828	-	-	-
Unassigned	68,232,832	-	-	-
Total fund balances	98,354,740	17,410,088	3,297,643	28,982,420
Total liabilities, deferred inflows of resources, and fund balances	\$ 201,335,267	\$ 19,555,046	\$ 3,534,243	\$ 31,514,124

Governmental Funds Balance Sheet

June 30, 2022

Nonmajor Governmental Funds	Total Governmental Funds
\$ 51,016,936	\$ 284,302,085
1,291,009	12,924,825
2,385,270	11,593,019
17,218	1,719,114
-	972
60,242	169,340
\$ 54,770,675	\$ 310,709,355
\$ 7,165,059	\$ 36,867,048
-	115,162
3,197,833	78,280,119
1,225,957	2,476,468
11,588,849	117,738,797
1,707,670	1,770,803
583,483	2,157,972
60,408	166,627
2,351,561	4,095,402
13,940,410	121,834,199
17,218	1,719,114
-	972
3,136,428	3,136,428
2,958	2,958
-	6,522,780
1,709,756	1,709,756
1,664,699	1,664,699
540,710	540,710
-	19,529,101
4,773,915	29,272,555
1,517,511	15,816,346
-	223,002
27,997	27,997
11,347,552	11,347,552
6,787,611	6,787,611
7,045,618	7,045,618
-	549,028
1,788,031	13,221,008
1,587,252	2,642,080
(1,116,991)	67,115,841
40,830,265	188,875,156
\$ 54,770,675	\$ 310,709,355

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Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 188,875,156
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 are not reported in the funds:	
Cost of capital assets	932,508,301
Accumulated depreciation	<u>(634,589,010)</u>
Net capital assets used in governmental activities	297,919,291
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	3,928,775
Deferred outflows of resources related to pension and OPEB are not available to pay for current period expenditures and, therefore, are not reported in the funds	51,814,467
Deferred inflows of resources related to pension and OPEB are not due and payable in the current period and are not reported in the funds	(133,697,143)
Bonds, contracts, and leases payable and related premiums are not due and payable in the current period and are not reported in the funds	(68,383,656)
Accrued interest is not due and payable in the current period and is not reported in the funds	(576,144)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Compensated absences	(14,224,529)
Net pension liability	(129,144,432)
Net OPEB liability	(9,457,726)
Deferred charges related to bond refunding are not due and payable in the current period and are not reported in the funds	2,107,926
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>71,249,128</u>
Net Position of Governmental Activities	<u><u>\$ 260,411,113</u></u>

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Revenue				
Taxes:				
Property taxes	\$ 15,642,930	\$ -	\$ -	\$ 6,265,436
Income taxes	102,010,850	13,767,973	-	4,527,451
Intergovernmental:				
Federal grants	13,807,431	544,307	-	-
State sources:				
State-shared taxes	24,564,154	21,106,992	5,694,879	2,838,521
State grants	1,264,460	-	-	315,442
Other grants and contributions	2,762,671	25,000	-	1,458,264
Charges for services	13,091,531	2,826,026	701,450	50,551
Fines and forfeitures	1,916,291	-	-	-
Licenses and permits	3,128,772	-	-	-
Investment (losses) earnings:				
Unrealized loss on investments	(8,185,797)	(814,447)	(53,043)	(1,633,044)
Interest income (loss)	2,397,225	214,926	13,778	454,610
Other revenue	447,041	121,028	8,515	-
Total revenue	172,847,559	37,791,805	6,365,579	14,277,231
Expenditures				
Current services:				
General government	33,403,526	-	-	142,743
Public safety	98,611,182	-	-	1,184,662
Public works	5,042,944	13,080,842	4,776,192	-
Urban and community development	5,826,606	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	6,901,608	2,957,717	9,790,881
Debt service:				
Principal	-	2,240,000	-	1,165,958
Interest and fiscal charges	-	626,104	-	1,315,442
Total expenditures	142,884,258	22,848,554	7,733,909	13,599,686
Excess of Revenue Over (Under) Expenditures	29,963,301	14,943,251	(1,368,330)	677,545
Other Financing Sources (Uses)				
Transfers in (Note 12)	2,582,282	432,219	2,469,081	-
Transfers out (Note 12)	(8,150,292)	(11,682,948)	(76,330)	(1,057,498)
Issuance of refunding bonds	-	-	-	11,790,000
Leases entered into	-	-	-	-
Debt premium	-	-	-	630,889
Sale of capital assets	80,875	-	8,438	-
Total other financing (uses) sources	(5,487,135)	(11,250,729)	2,401,189	11,363,391
Net Change in Fund Balances	24,476,166	3,692,522	1,032,859	12,040,936
Fund Balances - Beginning of year	73,878,574	13,717,566	2,264,784	16,941,484
Fund Balances - End of year	\$ 98,354,740	\$ 17,410,088	\$ 3,297,643	\$ 28,982,420

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	Nonmajor Governmental Funds		Total Governmental Funds
\$	25,820,214	\$	47,728,580
	2,622,061		122,928,335
	11,849,340		26,201,078
	179,301		54,383,847
	1,018,408		2,598,310
	1,602,827		5,848,762
	14,944,481		31,614,039
	20,955		1,937,246
	4,533,014		7,661,786
	(3,132,982)		(13,819,313)
	690,917		3,771,456
	328,508		905,092
	60,477,044		291,759,218
	2,233,158		35,779,427
	1,726,590		101,522,434
	18,344,153		41,244,131
	17,350,528		23,177,134
	23,921,682		23,921,682
	7,446,484		27,096,690
	2,398,817		5,804,775
	674,722		2,616,268
	74,096,134		261,162,541
	(13,619,090)		30,596,677
	17,703,065		23,186,647
	(3,130,217)		(24,097,285)
	-		11,790,000
	73,531		73,531
	-		630,889
	18,684		107,997
	14,665,063		11,691,779
	1,045,973		42,288,456
	39,784,292		146,586,700
\$	40,830,265	\$	188,875,156

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 42,288,456
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	22,719,100
Depreciation expense	(19,311,587)
Net book value of assets disposed of	(410,854)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	946,330
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(11,863,531)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	5,829,818
Changes in deferred amounts on refunding of bonds are not reported in governmental funds	(321,417)
Changes in accrued interest expense is not reported in governmental funds	(18,964)
Changes in unamortized premiums on bonds are not reported in governmental funds	(17,431)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, the changes in these amounts are not reported as expenditures in the governmental funds	15,702,669
Internal service funds are included as part of governmental activities	(297,924)
Change in Net Position of Governmental Activities	\$ 55,244,665

Proprietary Funds
Statement of Net Position

June 30, 2022

	Enterprise Funds				Governmental
	Water Supply System	Sewer Disposal System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Equity in pooled cash and investments (Note 2)	\$ 49,562,092	\$ 46,830,268	\$ 24,685,890	\$ 121,078,250	\$ 78,134,637
Receivables - Net					
Receivables - Net	9,483,049	14,162,065	593,712	24,238,826	620,897
Leases receivable	123,041	-	209,068	332,109	-
Inventory	2,423,149	1,193,995	5,467	3,622,611	1,183,307
Prepaid expenses and other assets	-	-	131,094	131,094	-
Restricted assets (Note 4)	5,007,829	13,522,519	-	18,530,348	5,192,779
Total current assets	66,599,160	75,708,847	25,625,231	167,933,238	85,131,620
Noncurrent assets:					
Restricted assets (Note 4)	11,829,015	15,089,800	-	26,918,815	-
Investment in joint ventures (Note 1)	-	2,472,900	-	2,472,900	-
Capital assets: (Note 5)					
Assets not subject to depreciation	13,739,905	15,329,224	6,826,705	35,895,834	1,125,478
Assets subject to depreciation - Net	371,065,304	466,677,568	42,375,080	880,117,952	21,519,962
Other assets	-	-	217,809	217,809	-
Lease receivable	426,976	-	2,335,181	2,762,157	-
Total noncurrent assets	397,061,200	499,569,492	51,754,775	948,385,467	22,645,440
Total assets	463,660,360	575,278,339	77,380,006	1,116,318,705	107,777,060
Deferred Outflows of Resources					
Deferred charges on bond refunding	2,768,576	3,600,863	1,058,593	7,428,032	360
Deferred outflows related to pensions (Notes 7 and 8)	1,328,286	1,264,628	496,374	3,089,288	1,226,087
Deferred outflows related to OPEB (Notes 10 and 11)	323,303	307,994	120,846	752,143	298,485
Total deferred outflows of resources	4,420,165	5,173,485	1,675,813	11,269,463	1,524,932
Liabilities					
Current liabilities:					
Vouchers and accounts payable	2,493,171	1,875,520	1,991,833	6,360,524	3,155,763
Due to other governmental units	-	-	-	-	62,898
Accrued interest payable	2,880,216	5,382,071	162,039	8,424,326	130
Unearned revenue	380,110	62,572	37,608	480,290	123,606
Current portion of compensated absences	582,257	473,952	176,777	1,232,986	466,223
Current portion of claims payable	-	-	-	-	5,693,811
Current portion of bonds, contracts, and leases payable (Note 6)	212,765	-	2,302,828	2,515,593	5,237
Total current liabilities	6,548,519	7,794,115	4,671,085	19,013,719	9,507,668
Noncurrent liabilities:					
Payable from restricted assets:					
Interest payable from restricted assets	447,829	132,519	-	580,348	-
Principal payable from restricted assets (Note 6)	4,560,000	13,390,000	-	17,950,000	-
Compensated absences	751,269	611,525	228,090	1,590,884	601,552
Provision for claims	-	-	-	-	269,800
Net pension liability (Notes 7 and 8)	7,804,481	7,430,449	2,916,492	18,151,422	7,204,004
Net OPEB liability (Notes 10 and 11)	1,295,935	1,234,573	484,406	3,014,914	1,196,460
Bonds, contracts, notes, and leases payable (Note 6)	144,869,573	286,146,301	23,322,587	454,338,461	5,228
Total noncurrent liabilities	159,729,087	308,945,367	26,951,575	495,626,029	9,277,044
Total liabilities	166,277,606	316,739,482	31,622,660	514,639,748	18,784,712
Deferred Inflows of Resources					
Deferred inflows related to pensions (Notes 7 and 8)	5,118,892	4,873,568	1,912,903	11,905,363	4,725,046
Deferred inflows related to OPEB (Notes 10 and 11)	1,910,964	1,820,480	714,297	4,445,741	1,764,278
Deferred inflows related to leases	556,346	-	2,471,526	3,027,872	-
Total deferred inflows of resources	7,586,202	6,694,048	5,098,726	19,378,976	6,489,324

**Proprietary Funds
Statement of Net Position (Continued)**

June 30, 2022

	Enterprise Funds			Governmental Activities	
	Water Supply System	Sewer Disposal System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Net Position					
Net investment in capital assets	\$ 244,510,942	\$ 191,422,067	\$ 24,634,963	\$ 460,567,972	\$ 22,635,335
Restricted - Debt service	10,688,313	23,064,198	-	33,752,511	-
Unrestricted	39,017,462	42,532,029	17,699,470	99,248,961	61,392,621
Total net position	\$ 294,216,717	\$ 257,018,294	\$ 42,334,433	593,569,444	\$ 84,027,956
Amounts reported for business-type activities in the statement of net position are different because a portion of the Internal Service Fund is included as business-type activities				12,778,828	
Total Net Position - Business-type Activities				\$ 606,348,272	

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

	Enterprise Funds			Governmental Activities	
	Water Supply System	Sewer Disposal System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue					
Sales	\$ 47,148,612	\$ 109,703	\$ 578,273	\$ 47,836,588	\$ 33,814
Charges for services	3,766,730	66,464,316	20,385,833	90,616,879	64,226,780
Miscellaneous	71,375	958,034	28,072	1,057,481	1,390,576
Total operating revenue	50,986,717	67,532,053	20,992,178	139,510,948	65,651,170
Operating Expenses					
Utilities	3,627,296	3,161,697	552,776	7,341,769	2,983,356
Supplies and materials	3,704,756	2,132,087	1,700,778	7,537,621	3,762,826
Personal services	10,702,862	10,307,509	4,459,689	25,470,060	8,446,082
Contractual services	3,713,055	10,323,755	5,814,961	19,851,771	4,141,472
Other services and charges	5,766,965	5,920,831	3,429,942	15,117,738	40,540,012
Depreciation and amortization	11,785,530	19,002,220	3,781,390	34,569,140	4,384,595
Total operating expenses	39,300,464	50,848,099	19,739,536	109,888,099	64,258,343
Operating Income	11,686,253	16,683,954	1,252,642	29,622,849	1,392,827
Nonoperating Revenue (Expense)					
Interest income	776,579	-	437,059	1,213,638	1,119,553
Unrealized loss on investments	(3,462,386)	(2,704,093)	(1,513,157)	(7,679,636)	(4,885,806)
Interest expense	(5,307,240)	(10,708,909)	(684,068)	(16,700,217)	(505)
Loss on sale of assets	-	-	(210,941)	(210,941)	327,851
Operating grants	815,625	471,278	85,458	1,372,361	452,919
Other nonoperating general revenue	610,532	(20,432)	649,804	1,239,904	148,335
Total nonoperating expense	(6,566,890)	(12,962,156)	(1,235,845)	(20,764,891)	(2,837,653)
Income (Loss) - Before capital contributions	5,119,363	3,721,798	16,797	8,857,958	(1,444,826)
Capital Contributions					
Capital grants	174,542	16,190	-	190,732	-
Other capital contributions	1,424,046	1,388,996	-	2,813,042	1,228,910
Total capital contributions	1,598,588	1,405,186	-	3,003,774	1,228,910
Transfers In (Note 12)	118,514	-	1,055,375	1,173,889	31,500
Transfers Out (Note 12)	(23,557)	-	(264,296)	(287,853)	(6,898)
Change in Net Position	6,812,908	5,126,984	807,876	12,747,768	(191,314)
Net Position - Beginning of year	287,403,809	251,891,310	41,526,557	580,821,676	84,219,270
Net Position - End of year	\$ 294,216,717	\$ 257,018,294	\$ 42,334,433	\$ 593,569,444	\$ 84,027,956
Net Change in Net Position - Total enterprise funds				\$ 12,747,768	
Amounts reported for business-type activities in the statement of activities are different because a portion of the Internal Service Fund is included as business-type activities				106,610	
Change in Net Position of Business-type Activities				\$ 12,854,378	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2022

	Enterprise Funds			Total Enterprise Funds	Governmental Activities
	Water Supply System	Sewer Disposal System	Nonmajor Enterprise		Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 50,884,988	\$ 66,792,663	\$ 20,436,182	\$ 138,113,833	\$ 64,602,974
Payments to suppliers	(17,873,348)	(21,633,611)	(10,819,188)	(50,326,147)	(45,283,568)
Payments to employees	(8,091,935)	(8,228,359)	(3,431,285)	(19,751,579)	(7,347,443)
Other operating receipts	616,861	(20,432)	649,804	1,246,233	(918,626)
Payments for payroll taxes and benefits	(4,192,420)	(4,031,304)	(1,690,730)	(9,914,454)	(6,756,187)
Net cash provided by operating activities	21,344,146	32,878,957	5,144,783	59,367,886	4,297,150
Cash Flows from Noncapital Financing Activities					
Operating grants and subsidies	990,167	487,468	85,458	1,563,093	452,919
Transfers from other funds	118,514	-	1,055,375	1,173,889	31,500
Transfers to other funds	(23,557)	-	(264,296)	(287,853)	(6,898)
Net cash provided by noncapital financing activities	1,085,124	487,468	876,537	2,449,129	477,521
Cash Flows from Capital and Related Financing Activities					
Issuance of bonds	-	101,700,000	-	101,700,000	-
Proceeds from sale of capital assets	348,469	138,144	-	486,613	576,705
Purchase of capital assets	(18,468,929)	(16,690,451)	(327,655)	(35,487,035)	(3,489,872)
Principal and interest paid on capital debt	(10,721,182)	(131,547,770)	(3,022,505)	(145,291,457)	(5,654)
Lease receipts	236,748	-	172,817	409,565	-
Net cash used in capital and related financing activities	(28,604,894)	(46,400,077)	(3,177,343)	(78,182,314)	(2,918,821)
Cash Flows Used in Investing Activities -					
Purchase of investments	(2,662,616)	(2,701,767)	(1,055,436)	(6,419,819)	(3,748,623)
Net (Decrease) Increase in Equity in Pooled Cash and Investments	(8,838,240)	(15,735,419)	1,788,541	(22,785,118)	(1,892,773)
Equity in Pooled Cash and Investments -					
Beginning of year	74,956,556	90,980,598	22,897,349	188,834,503	85,220,189
Equity in Pooled Cash and Investments -					
End of year	<u>\$ 66,118,316</u>	<u>\$ 75,245,179</u>	<u>\$ 24,685,890</u>	<u>\$ 166,049,385</u>	<u>\$ 83,327,416</u>
Classification of Cash					
Cash and investments	\$ 49,562,092	\$ 46,830,268	\$ 24,685,890	\$ 121,078,250	\$ 78,134,637
Restricted cash	16,556,224	28,414,911	-	44,971,135	5,192,779
Total cash	<u>\$ 66,118,316</u>	<u>\$ 75,245,179</u>	<u>\$ 24,685,890</u>	<u>\$ 166,049,385</u>	<u>\$ 83,327,416</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2022

	Enterprise Funds				Governmental
	Water Supply System	Sewer Disposal System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating income	\$ 11,686,253	\$ 16,683,954	\$ 1,252,642	\$ 29,622,849	\$ 1,392,827
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	11,785,530	19,002,220	3,781,390	34,569,140	4,384,595
Miscellaneous cash received (used)	606,843	(20,432)	649,804	1,236,215	-
Changes in assets and liabilities:					
Receivables	(91,952)	(738,815)	(334,913)	(1,165,680)	84,538
Inventories	(432,132)	(224,512)	3,548	(653,096)	(211,766)
Restricted assets	-	-	(2,574)	(2,574)	-
Accounts payable and other liabilities	(658,106)	(597,402)	411,115	(844,393)	1,208,702
Net pension or OPEB liability	(9,404,449)	(8,734,049)	(3,575,659)	(21,714,157)	(10,011,077)
Deferrals related to pension or OPEB	7,971,938	7,559,190	2,987,651	18,518,779	7,544,822
Compensated absences	(119,779)	(51,197)	(28,221)	(199,197)	(95,491)
Total adjustments	9,657,893	16,195,003	3,892,141	29,745,037	2,904,323
Net cash provided by operating activities	<u>\$ 21,344,146</u>	<u>\$ 32,878,957</u>	<u>\$ 5,144,783</u>	<u>\$ 59,367,886</u>	<u>\$ 4,297,150</u>
Significant Noncash Transactions -					
Contributions of capital assets	\$ 1,424,046	\$ 1,388,996	\$ -	\$ 2,813,042	\$ 1,228,910

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Assets		
Equity in pooled cash and investments (Note 2)	\$ 783,866	\$ 112,223
Investments: (Note 2)		
Cash and money market funds	17,815,934	-
U.S. government securities	111,923,393	-
Other	125,237,000	-
State and municipal bonds	552,114	-
Corporate bonds and fixed-income commingled funds	190,518,944	-
Common stocks and equity mutual funds	498,829,750	-
Asset-backed securities	11,249,822	-
Real estate securities	50,011,654	-
Commodities	50,585,450	-
Collateral held by broker under securities lending - Short-term fixed income	75,395,948	-
Receivables:		
Receivables - Net	4,867,417	474,752
Accrued interest receivable	983,512	-
Total assets	1,138,754,804	586,975
Liabilities		
Vouchers and accounts payable	3,228,086	-
Due to other governmental units	-	586,975
Investment securities purchased	1,775,488	-
Obligations under securities lending agreements	75,395,948	-
Total liabilities	80,399,522	586,975
Net Position - Restricted		
Pension	980,193,482	-
Postemployment benefits other than pension	78,161,800	-
Total net position	\$ 1,058,355,282	\$ -

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Additions		
Investment income (loss):		
Interest and dividends	\$ 10,183,818	\$ -
Net increase in fair value of investments	37,724,146	-
Investment costs	(2,233,539)	-
Net investment income	45,674,425	-
Securities lending income - Interest and dividends	176,005	-
Contributions:		
Employer contributions	28,855,189	-
Employee contributions	8,304,158	-
Total contributions	37,159,347	-
Property tax collections for other governments	-	163,269,544
Federal grants	340,603	-
Total additions	83,350,380	163,269,544
Deductions		
Benefit payments	78,995,863	-
Administrative expenses	1,746,036	-
Property tax distributions to other governments	-	163,269,544
Total deductions	80,741,899	163,269,544
Net Increase in Net Position Held in Trust	2,608,481	-
Net Position - Beginning of year	1,055,746,801	-
Net Position - End of year	\$ 1,058,355,282	\$ -

City of Grand Rapids, Michigan

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority
Assets			
Equity in pooled cash and investments (Note 2)	\$ 14,645,294	\$ 2,431,460	\$ 3,126,681
Receivables:			
Receivables - Net	85,848	7,892	14,128
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Capital assets: (Note 5)			
Assets not subject to depreciation	11,012,494	-	-
Assets subject to depreciation - Net	11,176,554	2,138	-
Total assets	36,920,190	2,441,490	3,140,809
Deferred Outflows of Resources			
Deferred outflows related to pensions (Notes 7 and 8)	-	-	-
Deferred outflows related to OPEB (Notes 10 and 11)	-	-	-
Total deferred outflows of resources	-	-	-
Liabilities			
Vouchers and accounts payable	5,148,113	2,245	1,183,633
Accrued interest payable	-	-	-
Due to participants	-	-	-
Unearned revenue	1,000	-	-
Noncurrent liabilities:			
Due within one year (Note 6)	63,341	1,243	5,110
Due in more than one year:			
Compensated absences	5,030	519	6,593
Net pension liability (Notes 7 and 8)	-	-	-
Net OPEB liability (Notes 10 and 11)	-	-	-
Bonds, contracts, notes, and leases payable (Note 6)	76,502	1,178	-
Total liabilities	5,293,986	5,185	1,195,336
Deferred Inflows of Resources			
Deferred inflows related to pensions (Notes 7 and 8)	-	-	-
Deferred inflows related to OPEB (Notes 10 and 11)	-	-	-
Total deferred inflows of resources	-	-	-
Net Position (Deficit)			
Net investment in capital assets	22,053,103	10	-
Restricted for authorized projects	9,573,101	2,436,295	1,945,473
Unrestricted	-	-	-
Total net position (deficit)	<u>\$ 31,626,204</u>	<u>\$ 2,436,305</u>	<u>\$ 1,945,473</u>

Component Units
Statement of Net Position

June 30, 2022

Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ 7,966,562	\$ 1,338,939	\$ 2,774,494	\$ 32,283,430
316,775	5,658	20,965	451,266
-	-	2,506	2,506
-	-	115,382	115,382
-	-	63,541	11,076,035
-	-	63,247	11,241,939
8,283,337	1,344,597	3,040,135	55,170,558
-	-	1,096,522	1,096,522
-	-	369,580	369,580
-	-	1,466,102	1,466,102
1,471,069	115,914	225,718	8,146,692
4,459	-	-	4,459
277,497	-	250,412	527,909
-	-	266,260	267,260
144,970	-	277,891	492,555
25,766	-	358,554	396,462
-	-	6,440,156	6,440,156
-	-	1,421,592	1,421,592
1,335,000	-	-	1,412,680
3,258,761	115,914	9,240,583	19,109,765
-	-	3,803,449	3,803,449
-	-	2,096,255	2,096,255
-	-	5,899,704	5,899,704
-	-	126,788	22,179,901
5,024,576	1,228,683	-	20,208,128
-	-	(10,760,838)	(10,760,838)
\$ 5,024,576	\$ 1,228,683	\$ (10,634,050)	\$ 31,627,191

City of Grand Rapids, Michigan

	<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs			
Downtown Development Authority - Urban and community development	\$ 12,029,905	\$ 645,035	\$ -
Tax Increment Financing Authority - Urban and community development	254,639	-	137,086
SmartZone Local Development Financing Authority - Urban and community development	3,077,821	-	441,209
Brownfield Redevelopment Authority - Urban and community development	12,795,972	174,797	1,244,337
Corridor Improvement Authority - Urban and community development	905,078	-	9,696
61st District Court - Public safety	11,910,018	3,403,100	9,835,012
Total component units	<u>\$ 40,973,433</u>	<u>\$ 4,222,932</u>	<u>\$ 11,667,340</u>

General revenue:
 Property taxes
 Unrestricted state-shared revenue
 Unrealized loss on investments
 Gain on sale of capital assets

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Component Units
Statement of Activities

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position						
Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ (11,384,870)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,384,870)
-	(117,553)	-	-	-	-	(117,553)
-	-	(2,636,612)	-	-	-	(2,636,612)
-	-	-	(11,376,838)	-	-	(11,376,838)
-	-	-	-	(895,382)	-	(895,382)
-	-	-	-	-	1,328,094	1,328,094
(11,384,870)	(117,553)	(2,636,612)	(11,376,838)	(895,382)	1,328,094	(25,083,161)
14,929,738	430,632	1,171,528	12,982,096	997,428	-	30,511,422
-	-	-	46,605	-	-	46,605
(1,166,828)	(123,653)	(232,392)	(560,995)	(80,584)	(33,131)	(2,197,583)
197,670	-	-	-	-	-	197,670
13,960,580	306,979	939,136	12,467,706	916,844	(33,131)	28,558,114
2,575,710	189,426	(1,697,476)	1,090,868	21,462	1,294,963	3,474,953
29,050,494	2,246,879	3,642,949	3,933,708	1,207,221	(11,929,013)	28,152,238
\$ 31,626,204	\$ 2,436,305	\$ 1,945,473	\$ 5,024,576	\$ 1,228,683	\$ (10,634,050)	\$ 31,627,191

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Note 1 - Significant Accounting Policies

Reporting Entity

The City of Grand Rapids, Michigan (the "City") was incorporated as a village in 1838. It was incorporated as a city under a mayor-council form of government in 1850 and remained under that form of government until 1916 when the commission-manager system of government was instituted by the current City Charter. The City provides the following services: public safety, public works, maintenance and construction of streets, recreation and culture, urban development, and general administrative services.

In accordance with accounting principles generally accepted in the United States of America (USA), these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations and financial relationship with the City.

Blended Component Units

The Grand Rapids Building Authority (GRBA) was created by the City of Grand Rapids, Michigan under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended, and is governed by a three-member board appointed by the City Commission. Although it is legally separate from the City, the GRBA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for any legitimate public purpose of the City. The City has included in its financial statements the capital projects funds for projects in progress during the fiscal year, as well as debt service funds used for the accumulation of resources to repay the related debt on current projects and those previously financed. Likewise, the City has incorporated the bond issues and the related capital assets in the governmental activities for government-wide presentation. For completed proprietary project facilities, the City has included the capital assets and related debt within the specific proprietary funds and reported them in the business-type activities column of the government-wide presentation.

The City of Grand Rapids General Retirement System (General Retirement System) was established by city ordinance, which provides that general administration and responsibility for the operation of the General Retirement System are vested in a seven-member board of trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). Three members are elected by current employees. The General Retirement System is a defined benefit pension plan that covers all eligible employees of the City of Grand Rapids, Michigan, except for police officers, firefighters, and newly hired employees who are participants in one of the two defined contribution plans discussed in Note 14. The plan closed to new entrants on June 30, 2014. Funding for the General Retirement System is primarily provided by the City. Additional details of the General Retirement System are included in Note 7. Separate audited financial statements are issued. The General Retirement System is included in these statements as a fiduciary fund.

The City of Grand Rapids Police and Fire Retirement System (Police and Fire Retirement System) was established by city ordinance, which provides that the general administration and responsibility for the operation of the Police and Fire Retirement System is vested in a seven-member board of trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). The Police and Fire Retirement System covers all the eligible uniformed police and fire personnel of the City of Grand Rapids, Michigan under a defined benefit pension plan. Funding for the Police and Fire Retirement System is primarily provided by the City. The fiscal year end of this system changed to December 31 during the 2004 fiscal year. Additional details of the Police and Fire Retirement System are included in Note 7. Separate audited financial statements are issued. The Police and Fire Retirement System is included in these statements as a fiduciary fund.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

The **City of Grand Rapids General Retiree, Police Retiree, and Fire Retiree OPEB Plans** are administered by city staff. Although they are legally separate from the City, they are reported as fiduciary component units because the City performs the duties of a governing body and the plans impose a financial burden on the City.

Discretely Presented Component Units

The component unit column in the combined financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the ability to impose its will on all of the listed authorities, as it must annually approve their budgets and their development and tax increment financing plans.

The **Grand Rapids Downtown Development Authority (DDA)** was created under the provisions of Act 197, Public Acts of 1975 of the State of Michigan, to correct and prevent deterioration, encourage historic preservation, and promote economic growth of business districts in the City. The DDA is under the supervision and control of a nine-member board consisting of the mayor and eight members appointed by the mayor and confirmed by the City Commission. Tax increment revenue is the DDA's primary source of financing its programs and activities.

The **Grand Rapids Tax Increment Financing Authority (TIFA)** was created under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, to provide for the development of the Monroe North Development Area through tax increment revenue. The TIFA is under the supervision and control of an 11-member board appointed by the mayor and confirmed by the City Commission.

The **City of Grand Rapids SmartZone Local Development Financing Authority (SmartZone)** was created under the provisions of the Local Development Financing Act, Act 281 of the Public Acts of 1986 of the State of Michigan, as amended by Act 248 of the Public Acts of 2000 of the State of Michigan, to promote economic development within an area, or areas, of specified boundaries. The SmartZone is under the supervision and control of an 11-member board. 7 members are appointed by the mayor, 1 by the Kent County Commission, 1 by the president of Grand Rapids Community College, and 2 by the superintendent of the Grand Rapids Public Schools. Tax increment revenue from the zone is the authority's primary source of financing its development plan.

The **City of Grand Rapids Brownfield Redevelopment Authority (Brownfield)** was created under the provisions of Act 381, Public Acts of 1996 of the State of Michigan. The purpose of the Authority is to promote the revitalization of environmentally distressed areas within the boundaries of the City. The Authority consists of a seven-member board that has an interest in the revitalization of environmentally distressed properties. Members are appointed by the mayor with City Commission approval.

The City has created six separate Corridor Improvement Authorities (CIAs), detailed below, under the provisions of Act 280, Public Acts of 2005 of the State of Michigan. The primary financing source of each CIA is expected to be property tax increment revenue. The primary purpose of each authority is to plan and propose construction, renovation, repair, or marketing projects that use tax increment revenue to aid the economic growth of the district. Each CIA has a nine-member board appointed by the mayor with the approval of the City Commission. None of the authorities issue separate financial statements. The resources and activities of all six CIAs are aggregated for presentation in these financial statements, with combining schedules included in the other supplemental information.

- **The City of Grand Rapids Michigan Street Corridor Improvement Authority (Michigan Street)** - The purpose of the authority is to aid the economic growth of the Michigan Street corridor between Prospect and Plymouth avenues.
- **The City of Grand Rapids North Quarter Corridor Improvement Authority (NQCIA)** - The purpose of the authority is to aid the economic growth of the Plainfield Avenue corridor north of downtown and the two business districts within it.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

- **The City of Grand Rapids Southtown (formerly Madison Square) Corridor Improvement Authority (Southtown)** - The purpose of the authority is to aid the economic growth of six business districts and the corridors connecting them in the south-central area of the City.
- **The City of Grand Rapids Uptown Corridor Improvement Authority (Uptown)** - The purpose of the authority is to assist in the revitalizing of an economically transitioning area located along four commercial corridors in the east-central area of the City.
- **The City of Grand Rapids Grandville-South Division Corridor Improvement Authority** - The purpose of the authority is to aid the economic growth of two corridors, Grandville Avenue from Logan Street to the city limit and South Division Avenue from Hall to Colrain Streets.
- **The City of Grand Rapids Westside Corridor Improvement Authority (Westside)** - The purpose of the authority is to aid the economic growth of three business districts and eight commercial streets passing through them in the west-central area of the City.

State of Michigan 61st District Court is one of 104 districts in the State of Michigan District Court system, which in turn is part of the one Court of Justice, established by Article 6 of the Michigan Constitution. The City is the Local Funding Unit (LFU) for the 61st District Court, in accordance with the Revised Judicature Act of 1961, Public Acts 374 and 388 of 1996, and Supreme Court Administrative Order No. 1998-5. In most instances, providing funding gives control; in this case, it does not. Rather, the 61st District Court is subject to control by the Michigan Supreme Court. The 61st District Court has accounts for trust money that are accounted for as liabilities in the fund. The City is financially accountable for the 61st District Court and is required to fund its operations. The 61st District Court does not issue separate financial statements.

Joint Ventures

The joint ventures of the City have not been included in the City's financial statements. They are as follows:

The City of Grand Rapids and County of Kent Joint Building Authority (JBA) was created by the City and the County of Kent, Michigan (the "County") under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended (MCL 123.951). The JBA is governed by a three-member board of commissioners, of which one member is appointed by the City Commission, one member is appointed by the County Commission, and one member is appointed by joint action of the City Commission and the County Commission. Because it is legally separate from the City, the JBA is not reported as part of the primary government. Summary financial information as of and for the year ended June 30, 2022 is as follows: total assets of \$151,941,165, total liabilities of \$73,520,265, deferred inflows of resources of \$28,426, total net position of \$78,392,474, revenue of \$8,290,200, and expenses of \$8,352,566.

The Grand Rapids-Kent County Convention/Arena Authority (C/AA) was created when the City entered into an agreement with the County of Kent, Michigan to establish an authority pursuant to Act 203 of the Public Acts of 1999, the Convention Facility Authority Act (MCL 141.1401). The C/AA is a separate legal entity established for the purpose of acquiring, constructing, and operating convention facilities. The operating agreement provides that any facility operating deficits will be covered first by the net income of other C/AA facilities, second by an operating reserve fund, and third by certain lodging excise tax revenue. The City and the County will share any remaining deficit equally. Summary financial information as of and for the year ended June 30, 2021 is as follows: total assets of \$34,736,068, total liabilities of 19,803,822, total net position of \$14,932,246, revenue of \$5,343,014, and expenses of \$12,989,255.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Grand Valley Regional Biosolids Authority was created by the City and the City of Wyoming, Michigan (Wyoming) under the provisions of Act 233, Public Acts of 1955, as amended (MCL 124.281), for the development, construction, and operation of a regional biosolids management project. The City and Wyoming will share equally the initial costs, ongoing administrative costs, and planning and design of the project. The City's current equity interest is \$2,472,900. Articles of incorporation were adopted April 2004. Summary financial information as of and for the year ended June 30, 2022 is as follows: total assets of \$24,422,762, total liabilities of \$14,335,753, total net position of \$10,087,009, revenue of \$10,464,518, and expenses of \$9,353,184.

Individual audited financial reports of the component units and joint ventures of the City can be obtained from the City Comptroller's Office in City Hall, except for pension fund reports, which can be obtained from the City's Pension Office. Selected reports are also available on the City's website, www.grandrapidsmi.gov, within the Comptroller's Department section and for the retirement system at www.grpensions.org.

City of Grand Rapids
Comptroller's Office
300 Monroe Avenue NW
Grand Rapids, MI 49503
(616) 456-3189

City of Grand Rapids
Pension Office
233 East Fulton Avenue Suite 216
Grand Rapids, MI 49503
(616) 365-5015

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water, sewage, or parking functions and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition for property taxes and 90 days of year end to be available for other revenue. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as 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 other funds.
- The **Major and Local Streets Funds** account for the maintenance and construction of all major streets, trunk lines, and local streets. Financing is provided by special revenue from P.A. 51 State Shared Gas and Weight Taxes and charges for various services. These funds also account for an income tax continuation revenue committed to be spent on the improvement of the streets. The City Commission appointed 25 members to the Vital Streets Oversight Commission with the goal of achieving a pavement condition rating of fair to good on 70 percent of the streets over the next 15 years.
- The **General Capital Construction Fund** accounts for the construction of capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, income taxes, transfers from other funds, and contributions from private sources.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The **Water Supply System Fund** accounts for the operation and maintenance, capital additions, improvements, and retirement of revenue bonds of the water supply system. Financing is provided by user charges and contributions by other funds, municipalities, and customers.
- The **Sewer Disposal System Fund** accounts for the operation and maintenance, capital additions, improvements, and retirement of bonds of the sewage disposal system. Financing is provided by user charges, federal grants, and contributions from other funds, municipalities, and customers.

Additionally, the City reports the following fund types:

- The **Internal Service Funds** account for data processing, fleet management, facilities management, insurance services, and engineering services provided to city departments on a cost reimbursement basis.
- The **Pension and Other Employee Benefit Trust Funds** account for the accumulation of resources to be used for retirement annuity payments and retiree health care payments in appropriate amounts and times in the future.
- The **Custodial Tax Fund** accounts for the collection and distribution of property taxes to other governmental entities.

Specific Balances and Transactions

Cash and Investments

Cash resources of the primary government and component units, except for the pension funds and certain restricted assets related to bond issues, are managed by the city treasurer either in an internal investment pool or through delegation of a portion of the pool to an external investment manager trading an assigned portion of the pool. Each fund's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Bank deposits are stated at cost plus accrued interest receivable. Investments are stated at fair value. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds.

Due from Other Governmental Units

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenue at the time reimbursable project costs are incurred. Reimbursements received more than 90 days after year end are not recognized as revenue until the following year. Revenue received in advance of project costs being incurred is unearned revenue. Capital grants for capital asset additions to the proprietary funds are recorded as receivables and a corresponding increase to revenue when reimbursable project costs are incurred.

In evaluating the appropriate accruals for intergovernmental revenue (grants, subsidies, and shared revenue), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of revenue. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenue is recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and nearly irrevocable. These resources are reflected as revenue at the time of receipt or earlier if they meet the criterion of availability.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Inventories

Inventories recorded in the proprietary funds are valued at average cost. Governmental funds use the purchases method to account for inventories by charging the inventory items to expenditures at the time of purchase.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets having a useful life in excess of one year with costs in excess of threshold amounts are capitalized. Capital assets are valued at historical cost or estimated cost if actual cost is not available. Major outlays for capital assets and improvements (construction in progress) are capitalized as projects are constructed. Donated capital assets are valued at acquisition value on the date of donation. Infrastructure, such as roads, bridges, and traffic signals, was capitalized for the first time in fiscal year 2002. Because a large portion of the assets were donated, transferred from another unit of government, or partially funded by other parties, the capitalization was based on an inventory of the public infrastructure assets.

	Depreciable Life - Years	Threshold
Water mains	75	\$20,000
Sewer service mains	50	20,000
Buildings and structures	20-50	50,000
Equipment	3-30	10,000
Software	5-10	50,000
Land improvements	20	10,000
Leasehold improvements	10	50,000
Infrastructure	20-45	1,000,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is computed using the straight-line method over the estimated useful lives shown in the preceding table.

Unearned Revenue

Unearned revenue represents amounts received through nonexchange transactions prior to all applicable eligibility criteria being met or amounts received through exchange transactions prior to goods or services being provided.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The others are deferred resources related to pensions and other postemployment benefits (OPEB) plans that are yet to be recognized in the actuarial calculations of the individual plans.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the City reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, deferred resources due to time restrictions related to special assessments, deferred resources related to pensions and OPEB plans that are yet to be recognized in the actuarial calculations of the individual plans, and deferred inflows related to leases where the City is the lessor.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted. Portions of unrestricted net position are sometimes segregated and designated to indicate that management does not consider them to be available for general operations. Such designations can be increased, decreased, or eliminated at management's discretion.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. City Commission Policy 700-06 states that a majority vote of the Commission is required to approve a commitment and a two-thirds majority vote of the Commission is required to remove a commitment. The City Commission has established a Budget Stabilization Fund as a "rainy day" reserve. Public Act 30 of 1978 governs the size and use of these funds in the State of Michigan. The fund is limited to 15 percent of the General Fund budget. Once committed to budget stabilization, state law allows the use of the funds with a two-thirds vote of the governing body in a limited set of circumstances, primarily to cover expenses in the event of a natural disaster or to prevent an immediate reduction in public services or employment in situations where expected sources of revenue decline from one fiscal year to the next. As required by current accounting standards, the balance of the Budget Stabilization Fund is presented as committed fund balance within the General Fund.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Per City Commission Policy 700-06, subject - Fund Balance, the City Commission delegates to the city manager or his/her designee the authority to assign amounts to be used for other specific purposes.

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The size of the unassigned fund balance shall be maintained, per city policy, at no less than 15 percent of General Fund expenditures. Also, for governmental funds other than the General Fund, if the sum of nonspendable, restricted, and committed fund balance exceeds the total amount of fund balance, it may be necessary to report a negative unassigned fund balance amount for those funds.

See Note 17 for future detail on the components of fund balance.

Property and Income Tax Revenue

The City bills and collects its own property taxes. Taxes are levied on July 1 and are due without penalty on or before July 31. The property taxes attach as an enforceable lien on all property as of July 1. Uncollected real property taxes as of March 1 each fiscal year are turned over to Kent County, Michigan for collection. Collection of delinquent personal property taxes remains the responsibility of the city treasurer. Since all city property taxes levied are current receivables, tax revenue is recognized when levied. An allowance reducing revenue is recorded at June 30 for uncollected delinquent personal property taxes and for estimated refunds resulting from property tax appeals.

The City also acts as the billing and collection agent for the State of Michigan; Kent County, Michigan; the local transit authority (the "Interurban Transit Partnership"); and the independent school districts within the city limits. All state and school district taxes are billed with the city taxes on the July 1 levy and due without penalty on July 31. Taxes levied by Kent County, Michigan are primarily billed on July 1 and due on July 31. The remainder are billed on December 1 and due without penalty on or before February 14. Taxes collected on behalf of other governmental units are accounted for in agency funds. Uncollected real property taxes as of March 1 are turned over to Kent County, Michigan for collection. The city treasurer remains responsible for collecting delinquent personal property taxes.

At July 2021, the total assessed value of all real and personal property in the City subject to ad valorem taxation was \$5,741,664,072 before the reductions described in this paragraph. The assessed value generally represents 50 percent of the estimated current value of the property. Beginning in fiscal year 1995, the State constitution has limited the annual increase in taxable portion of the assessed value of existing property to the lesser of the rate of inflation or 5 percent until a transfer of ownership of the property occurs. At the time of transfer of ownership of property, the assessed value becomes the new base taxable value. The total ad valorem base was reduced \$2,195,939,828 by this limitation, reducing city tax revenue by approximately \$19,753,138 for fiscal year 2022.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2022 was based on the following rates:

Purpose	Millage Rate	Revenue
General operating	3.8644 \$	19,088,187
Promotional and advertising	0.0090 (\$50,000 maximum)	42,640
Refuse collection	1.6000	7,898,599
Library operating and capital	2.3061	11,553,589
Parks	1.2158	5,995,665

An income tax is imposed on income earned within the City, regardless of the residence of the taxpayer, and on all income of city residents. Residents paid 1.5 percent of all taxable income, and nonresidents paid 0.75 percent of taxable income earned within the City limits during fiscal year 2022.

Pensions

The measurement date that the City has chosen for the measurement of the net pension asset or liability to record in the City's financial statements is the plan years ended 6 and 12 months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, for purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the City has used the same basis as the reporting by the City's pension plans. The City has recognized pension expense only to the extent that the pension system has recorded revenue as of the measurement date. Contributions to the pension plan after the measurement dates used to present the net pension asset or liability are presented as deferred outflows of resources in the current year and will be recognized as pension expense the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the pension plans as an expenditure of the current year. The difference between these two measurement focuses is reconciled on the reconciliation statements presented on pages 25 and 28. Amounts due for pension liabilities are liquidated by the governmental, mainly the General Fund, or proprietary funds from which the related employees' compensation is paid.

Other Postemployment Benefit Costs

The measurement date that the City has chosen for the measurement of the net OPEB asset or liability to record in the City's financial statements is the plan year ended 12 months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, for purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City has used the same basis as the reporting by the City's OPEB plans. The City has recognized OPEB expense only to the extent that the OPEB plan has recorded revenue as of the measurement date. Contributions to the OPEB plan after the measurement dates used to present the net OPEB asset or liability are presented as deferred outflows of resources in the current year and reduce the net OPEB liability the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the OPEB plans as an expenditure of the current year. The difference between these two measurement focuses is reconciled on the reconciliation statements presented on pages 25 and 28. Amounts due for OPEB liabilities are liquidated by the governmental, mainly the General Fund, or proprietary funds from which the related employees' compensation is paid.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service, terms of collective bargaining agreements, and city policies. Employees are limited by bargaining agreements or policy as to the amount of vacation that can be carried from one calendar year to another. Upon termination, employees are paid for unused vacation at their current rates. Unused accumulated sick leave is paid to employees with 10 or more years of continuous service who retire or resign as provided by bargaining agreements or policy. It is the City's policy to recognize as a liability the obligation for vacation pay and sick leave in the government-wide and proprietary funds at the time the liability is incurred. In governmental fund statements, only amounts immediately payable due to terminations are reported as liabilities. In governmental funds, the vested portion of compensated absences is reported as part of assigned fund balance.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Leases

The City is a lessee for noncancelable leases of various assets. The City recognizes a lease liability and an intangible right-to-use lease asset in governmental and business-type activities.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with noncurrent liabilities in the governmental and business-type activities column.

The City is a lessor for noncancelable leases of various assets. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

As of and for the Year Ended June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The City uses the actual rate charged to lessees as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*, which enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. As a result, the governmental activities, business-type activities, and component units now include a liability for the present value of payments expected to be made and right-to-use assets related to arrangements where the City is the lessee. The major street fund, nonmajor governmental funds, water supply system, and nonmajor enterprise funds now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease related to arrangements where the City is the lessor. Lease activity is further described in Note 15. The effect of this new standard had no impact on opening fund balance/net position. The beginning of year amounts within the capital asset and long-term debt footnote were restated to include the impact of lessee arrangements.

Note 2 - Deposits and Investments

The City maintains an investment pool for most city funds. Each fund's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The city treasurer is responsible for most investments, with the exception of the resources of the retirement systems' trust funds, which are managed by their own boards of trustees, and the assets of the retiree health care trusts, which are managed by the Board of the Municipal Employees' Retirement System of Michigan. The city treasurer has delegated responsibility for investing certain sleeves of the portfolio to external managers where their expertise and market access is judged to be more cost-effective than internal management. The laws of the State of Michigan, the City of Grand Rapids Charter, the city ordinance on investments, and the City's investment policy authorize the treasurer, and any external investment managers contracted by the treasurer, to invest surplus moneys belonging to and under the control of the City in an investment portfolio diversified by type of instrument, issuer, and maturity according to the "prudent person" standard, with the results monitored with the assistance of an external investment consultant. Certain requirements for federal regulation and capital adequacy tests are required of any financial institution or broker-dealer in the investment program. Authorized investments are summarized as follows:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank, savings and loan association, savings bank, or credit union whose deposits are insured by the United States government and that maintains a principal office or branch office in the State of Michigan
- Commercial paper with an original maturity of 270 days or less and rated no less than A-1 (Standard & Poor's), P-1 (Moody's), or F1 (Fitch) by one rating agency where the issuer's long-term debt is at least A1 (Moody's), A+ (Standard & Poor's), or A+ (Fitch)
- Repurchase agreements of 90 days or less collateralized 102 percent by U.S. Treasury or federal agency obligation securities held by the City's custodial bank
- Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, were rated at least A or its equivalent
- Banker's acceptances with maturities not exceeding 180 days, rated no less than A-1 (Standard & Poor's), P-1 (Moody's), or F1 (Fitch) at the time of purchase issued by a state or nationally chartered bank with combined capital and surplus of at least \$250 million
- Mutual funds, registered under the investment company act of 1940, composed of investment vehicles that are legal for direct investment by local units of government in Michigan, which maintain a constant net asset value per share of \$1.00 and comply with Rule 2a-7 of the Investment Company Act of 1940
- Investment pools organized under the local government investment pools acts and/or investment pools organized under the surplus funds investment pool act, provided the fund has an average maturity less than 90 days

The general policy states that investments should avoid an over-concentration in a specific security, issuer, or investment type. The investment policy specifically requires that the weighted-average life of the portfolio shall not exceed seven years. Certificates of deposit may not exceed a three-year maturity.

The City's investment policy places limits on the amount that may be invested in any one issuer. The policy aggregates both interest-bearing deposits and investments to calculate the concentration percentage. The maximum concentrations by type of investment and issuer are shown below:

	Maximum % by Instrument	Maximum % by Issuer
U.S. Treasury obligations	100.00 %	100.00 %
U.S. governmental instrumentalities securities	100.00	100.00
U.S. government agency securities	50.00	30.00
Repurchase agreements	25.00	5.00
Certificates of deposit	100.00	100.00
Michigan municipal securities	50.00	50.00
Commercial paper	25.00	5.00
Banker's acceptance	25.00	5.00
Money market mutual funds	25.00	25.00
Investment pools	25.00	25.00
Joint interlocal investment ventures	25.00	25.00

For Michigan municipal securities, securities issued by the State of Michigan are limited to a maximum of 50 percent, those issued by political subdivisions are limited to 5 percent.

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

The investments of the City's two retirement systems and OPEB plans are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965 (MCL 38.1132 et seq), which has numerous investment limitations depending on the type of investment. These restrictions are summarized in Note 7. In addition, contracts between the retirement systems and their investment managers impose additional restrictions on the securities each investment manager may purchase on behalf of the systems. Currently both retirement systems are utilizing the same managers with the same investment mandates, although the individual securities in each portfolio may differ. Each retirement system has a different fiscal year end, which also contributes to differences in the reported portfolio composition. The assets accumulated by a pension system are used to fund liabilities that mature over many future decades. Because of this long-term orientation, they are allowed to invest in assets that have substantially greater risk of decline in value over short time periods than would be prudent for the investments that are used to fund general city functions.

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. The City's investment policy seeks to minimize custodial credit risk by limiting the amount of deposits at each bank, savings and loan, or credit union to the amount of federal deposit insurance unless the institution has a bank rating of three stars or above by Bauer Financial. Most deposits are uninsured and uncollateralized. At year end, the carrying value of the City's and OPEB plans' deposits (included in equity in pooled cash and investments) was \$59,864,482, and the associated bank balances totaled \$70,697,322. Of the bank balances, \$1,965,704 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$68,731,618 were uninsured and exposed to custodial credit risk.

The retirement systems do not maintain any checking or other demand or time deposit accounts. Accounts reported as cash in the statement of fiduciary net position are composed entirely of short-term investments in investment accounts or funds in the custody of the counterparty of an unsettled trade.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes custodial credit risk by prequalifying broker/dealers, intermediaries, and advisors with which the City executes investment transactions by a review of references and the net worth of each investment company and by utilizing a third-party custodial bank for safekeeping of purchased securities. At June 30, 2022, all investments were held by the City's agents in the City's name.

For the retirement systems, custodial credit risk is minimized by having most investments either in the form of open end mutual funds or held by the system's agent, Northern Trust Co., in the name of the system. As of December 31, 2021, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2022, no General Retirement System (GRS) cash equivalents were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the exposure of investments to changes in market value as interest rates change. The investment policy of the City limits maturities of certificates of deposit to no longer than three years and the weighted-average life of the total portfolio to no longer than seven years to minimize interest rate risk. As a general rule, the treasurer's office avoids the risk that changes in market interest rates will negatively impact any fund by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The City avoids the need to sell securities in the open market through the pooling concept where current cash receipts and investment maturities are used to pay any fund's current obligations by changing a fund's equity in the investment pool.

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

Both retirement systems structure their fixed income portfolios to be approximately neutral in duration and interest rate risk to that of the benchmark (Barclays Aggregate Index).

At year end, the City, retirement systems, and OPEB plans had the following investments and maturities:

	Primary government				Weighted-average Maturity (Years)
U.S. Treasury notes					3.16
U.S. Treasury inflation-protected securities					5.66
U.S. agency bonds					12.63
Michigan municipal bonds					4.13
Money market mutual funds					0.25
Police and Fire Retirement System at December 31, 2021	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 35,894,481	\$ -	\$ 15,909,987	\$ 2,856,226	\$ 17,128,268
State and municipal bonds	292,264	-	276,989	-	15,275
Corporate bonds and fixed-income commingled funds	84,219,048	146,247	8,488,074	68,294,232	7,290,495
Asset-backed securities	6,058,899	-	394,364	206,544	5,457,991
Cash and money market mutual funds	8,485,048	8,485,048	-	-	-
Investments held as collateral for securities lending	40,310,201	40,310,201	-	-	-
Total	\$ 175,259,941	\$ 48,941,496	\$ 25,069,414	\$ 71,357,002	\$ 29,892,029
General Retirement System at June 30, 2022	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 29,242,133	\$ 201,338	\$ 9,139,039	\$ 4,447,840	\$ 15,453,916
State and municipal bonds	259,850	-	249,822	-	10,028
Corporate bonds and fixed-income commingled funds	68,478,066	999,009	7,550,585	54,141,905	5,786,567
Asset-backed securities	5,175,668	-	524,825	147,550	4,503,293
Cash and money market mutual funds	7,567,235	7,567,235	-	-	-
Investments held as collateral for securities lending	35,085,747	35,085,747	-	-	-
Total	\$ 145,808,699	\$ 43,853,329	\$ 17,464,271	\$ 58,737,295	\$ 25,753,804
OPEB Plans at June 30, 2022	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds and fixed-income commingled funds	\$ 34,994,240	\$ -	\$ 7,096,978	\$ 25,168,162	\$ 2,729,100
Cash and money market mutual funds	1,763,651	1,763,651	-	-	-
Total	\$ 36,757,891	\$ 1,763,651	\$ 7,096,978	\$ 25,168,162	\$ 2,729,100

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy of the City limits this risk by limiting investments in commercial paper to those rated in one of the two highest classifications established by at least two nationally recognized statistical rating organizations (NRSROs) at the time of purchase and limiting the purchase of municipal obligations to those rated at least A or the equivalent by at least one NRSRO. The investment policy of the City restricts money market mutual funds to those that maintain a constant share value of \$1 but does not require a specific rating. At year end, all such funds are rated AAA by two or more of the NRSROs.

The fixed-income portfolio of both retirement systems invests in both investment-grade bonds, as well as high-yield bonds rated below investment grade; however, the investment policy states the composite credit rating for the entire portfolio is not below an "A" rating.

As of year end, the credit quality ratings of debt securities (other than the U.S. government) for the City, retirement systems, and OPEB plans are as follows:

Primary Government	S&P Rating or Equivalent				Not Subject to Credit Risk/Not Available
	Total	AAA/A-1	AA/A-2	A/A-3	
U.S. Treasury obligations	\$ 137,330,033	\$ 22,302,250	\$ -	\$ -	\$ 115,027,783
U.S. government agencies	92,092,719	-	92,092,719	-	-
Michigan municipal securities	201,434,985	5,061,208	189,366,534	5,935,121	1,072,122
Commercial paper	14,244,886	14,244,886	-	-	-
Money market mutual funds	52,054,551	35,807,616	-	-	16,246,935
Total	\$ 497,157,174	\$ 77,415,960	\$ 281,459,253	\$ 5,935,121	\$ 132,346,840

Rating	Police and Fire Retirement System at December 31, 2021		General Retirement System at June 30, 2022		OPEB Plans at June 30, 2022	
	S&P AAA	\$ 1,910,675	\$ 1,678,373	\$ -	\$ -	\$ -
S&P AA	2,165,886	1,488,311	-	-	-	-
S&P A	68,321,957	55,327,035	-	-	-	-
S&P BBB	14,148,033	12,105,289	-	-	-	-
S&P BB	116,190	76,928	-	-	-	-
S&P CC	299,764	232,534	-	-	-	-
U.S. government obligations - Not subject to credit risk	59,273,667	51,726,471	-	-	-	-
Unrated securities and funds	4,256,448	3,294,879	-	-	36,757,891	-
Total	\$ 150,492,620	\$ 125,929,820	\$ -	\$ -	\$ 36,757,891	\$ -

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy aggregates both deposits and investments to calculate the concentration limitation percentage relative to the entire portfolio. Accounting principles generally accepted in the USA require disclosure of any investments that exceed 5 percent of total investments. Excluded from this reporting requirement are securities issued by, or explicitly guaranteed by, the U.S. government and investments in an investment pool or other fund that is itself a pool of other investments. No investments exceeded 5 percent of total investments in the current year.

For the retirement systems, state statute and the systems' investment policies provide that no single issuer will represent more than 5 percent of the total fund. As of each system's fiscal year end, no single issuer within either portfolio represented more than 5 percent of the total fund or of the plan net position.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In general, the foreign currency exposure for the retirement systems resulting from international investments is not hedged by the investment managers. This exposes the portfolio to foreign currency risk, which is not expected to harm or help the performance of the fund in a significant way over the long term. The principal investment vehicles used for international investing are a U.S.-based institutional mutual fund whose shares are priced in the U.S. dollar and American Depository Receipts, which are negotiable certificates issued by a U.S. bank that are traded in the U.S. in U.S. dollars but represent foreign stock held overseas by the bank. As of the indicated fiscal year ends, the retirement systems had the following U.S. dollar value of investments in foreign securities:

Investment Type	Police and Fire at December 31, 2021	General Retirement System at June 30, 2022
Equities	\$ 140,722,601	\$ 107,062,037
Private equity partnerships	17,764,390	17,070,197
Private credit partnerships	16,143,332	16,146,813
Government obligations	308,144	282,950
Corporate bonds and commingled funds	7,684,163	5,191,212
Total fair value	<u>\$ 182,622,630</u>	<u>\$ 145,753,209</u>

Securities Lending

Public Act 314 permits and the trustees have implemented a securities lending program where each system, through The Northern Trust Company (NT), lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Both systems authorized NT to utilize the Core U.S.A. Collateral Section in which all collateral is in U.S. dollars and available to participating lenders who are domiciled or reside in the USA. The system only receives cash collateral. Cash collateral is invested in the short-term investment pool that maintains a maturity independent of, and longer than, the average length of a securities loan. Cash collateral may also be invested separately in term loans, in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. Initial collateral levels will not be less than 102 percent of the market value of the borrowed securities or no less than 105 percent if the borrowed securities and the collateral are denominated in different currencies.

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

As of December 31, 2021, the Police and Fire Retirement System had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral Received
U.S. corporate fixed income	\$ 3,471,567	\$ 3,546,488
U.S. equities	20,952,910	21,369,363
U.S. government fixed income	15,139,987	15,394,350
Total	\$ 39,564,464	\$ 40,310,201

As of June 30, 2022, the General Retirement System had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral Received
U.S. corporate fixed income	\$ 2,447,465	\$ 2,494,693
U.S. equities	17,186,136	17,909,835
U.S. government fixed income	14,488,520	14,681,219
Total	\$ 34,122,121	\$ 35,085,747

NT shall indemnify the systems if it is unable to recover borrowed securities and distributions made during the term of the loan or loans with respect to those securities as a result of either (1) NT failing to make a reasonable determination of the creditworthiness of a borrower; (2) NT failing to demand adequate and appropriate collateral on a prompt and timely basis, perfect a security interest, obtain equivalent rights in the collateral, or maintain control of the collateral; or (3) NT failing to otherwise perform its duties and responsibilities under its agreement with the systems or applicable law. All securities loans can be terminated on demand by either the system or NT and are subject to the performance by both parties of any of their respective obligations that remain outstanding at the time of termination. Upon termination of this program by either party, NT shall terminate all outstanding loans of the securities and shall make no further loans. There are no restrictions on the amount of the loans that can be made.

Fair Value Measurements

The City and retirement systems categorize their fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the USA. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs, estimated using the matrix pricing technique and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. Level 3 inputs are those where market data is unavailable and use the best information available about the assumptions that market participants would use to price a similar asset. Security values are provided by the City's custodial bank using information from a third-party pricing service. Certain assets, such as money market mutual funds and investment pools, are reported at amortized cost. There are no limitation or restrictions on participant withdrawals for the investment pool recorded at amortized cost.

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

The value of the City's investment portfolio at June 30, 2022 was developed using the following inputs:

	Primary Government Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
	Investments by Fair Value Level			
U.S. Treasury	\$ 120,324,831	\$ 17,005,202	\$ -	\$ 137,330,033
U.S. government agency	92,092,719	-	-	92,092,719
Michigan municipal securities	-	201,434,985	-	201,434,985
Commercial paper	-	14,244,886	-	14,244,886
Total measured at fair value	\$ 212,417,550	\$ 232,685,073	\$ -	445,102,623
Investments Measured at Amortized Cost				
Money market mutual funds				52,054,551
Total investments				<u>\$ 497,157,174</u>

The value of each retirement system's investment portfolio was developed using the following inputs:

	Police and Fire Retirement System Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
	Investments by Fair Value Level			
U.S. government obligations	\$ 35,894,481	\$ 24,019,488	\$ -	\$ 59,913,969
State and municipal bonds	292,264	-	-	292,264
Corporate bonds and fixed-income commingled funds	20,096,924	64,122,124	-	84,219,048
Stocks and equity mutual funds	68,584,830	195,181,766	-	263,766,596
Real estate security fund	29,424,653	-	-	29,424,653
Asset-backed securities	6,067,339	-	-	6,067,339
Commodities	-	26,508,365	-	26,508,365
Private equity partnerships	-	-	40,966,303	40,966,303
Private credit partnerships	-	-	22,025,281	22,025,281
Securities lending collateral pool	40,310,201	-	-	40,310,201
Total measured at fair value	\$ 200,670,692	\$ 309,831,743	\$ 62,991,584	573,494,019
Investments Measured at Amortized Cost				
Money market mutual funds				8,485,048
Total investments				<u>\$ 581,979,067</u>

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

	General Retirement System Fair Value Measurements Using			Balance at June 30, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. government obligations	\$ 29,242,133	\$ 22,767,291	\$ -	\$ 52,009,424
State and municipal bonds	259,850	-	-	259,850
Corporate bonds and fixed- income commingled funds	17,670,892	50,807,174	-	68,478,066
Common and preferred stocks and equity mutual funds	51,993,813	144,659,842	-	196,653,655
Real estate security fund	20,587,001	-	-	20,587,001
Asset-backed securities	5,182,483	-	-	5,182,483
Commodities	-	24,077,085	-	24,077,085
Private equity partnerships	-	-	40,324,284	40,324,284
Private credit partnerships	-	-	21,921,132	21,921,132
Securities lending collateral pool	35,085,747	-	-	35,085,747
Total measured at fair value	\$ 160,021,919	\$ 242,311,392	\$ 62,245,416	464,578,727
Investments Measured at Amortized Cost				
Money market mutual funds				7,567,235
Total investments				<u>\$ 472,145,962</u>

The value of the City's OPEB plans investment portfolios was developed using the following inputs:

	OPEB Plans Fair Value Measurements Using			Balance at June 30, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Trading securities:				
Corporate bonds and fixed- income commingled funds	\$ 37,821,830	\$ -	\$ -	\$ 37,821,830
Common stocks and equity mutual funds	38,409,499	-	-	38,409,499
Total	<u>\$ 76,231,329</u>	<u>\$ -</u>	<u>\$ -</u>	76,231,329
Investments Measured at Amortized Cost				
Money market mutual funds				1,763,651
Total assets				<u>\$ 77,994,980</u>

As of and for the Year Ended June 30, 2022

Note 2 - Deposits and Investments (Continued)

The reported net asset values of open-end mutual funds are considered Level 1 inputs because that was the value at which shares could be purchased or sold at the end of the day. Values for most securities in separately managed accounts are also considered Level 1 inputs because they are traded in active markets. The reported value of investments in commingled investment funds and common trust funds are considered Level 2 inputs because there is less transparency into the daily valuation methodology of these investment vehicles. The City estimates the fair value of these investments using interactive data, which uses other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals. The reported value of private equity funds and private credit funds are considered Level 3 inputs because each of the investments within the funds are valued quarterly using judgment and estimates derived from market comparisons. Classification into each level of the hierarchy is determined by the systems' investment consultant. The systems' investment consultant also validates the valuations reported by the investment managers each reporting period.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

The Uniform Budgeting Act (P.A. 2 of 1968) of the State of Michigan requires that a balanced budget on the modified accrual basis of accounting be adopted annually by the local legislative body in the form of a general appropriation act for the General Fund and all special revenue funds. The City's budget is adopted on the modified accrual basis consistent with accounting principles generally accepted in the USA.

On or before the first Tuesday in April, the city manager submits to the City Commission an estimate of the expenditures of the City for the ensuing fiscal year. Such estimates are compiled from and based upon detailed information furnished by the various departments of the city government requiring appropriations.

Public hearings are conducted by the City Commission to obtain taxpayer comments.

On or before the second Monday in May, a separately issued budget report, which demonstrates legal compliance at the legal level of budgetary control, is enacted through passage of an ordinance.

Appropriations are authorized by ordinance at the departmental level within the General Fund and by fund for all other annually budgeted funds. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgeted amounts presented in the financial statements are as originally adopted, or as amended by the City Commission during the fiscal year.

The general appropriation ordinance authorizes the chief administrative officer to transfer budgeted amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the city manager. Transfers between departments or between funds must be approved by the City Commission.

Supplemental appropriations are approved by the City Commission in the form of budget ordinance amendments. These appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenue or an appropriation of available fund balance and must be approved by the City Commission.

As of and for the Year Ended June 30, 2022

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The legal level of budgetary control is the department level within each fund. With the exception of the General Fund, Major and Local Street Funds, and various capital project and grant funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2022, expenditures did not exceed appropriations in any of the annually budgeted governmental funds at the legal level of budgetary control.

Fund Deficits

The 311 Program Fund, an internal service fund that provides centralized customer services to other city funds, ended the year with a deficit of \$1,167,941. The deficit is solely the result of net pension liability and net OPEB liability, noncurrent liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund is provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when noncurrent liabilities mature.

The Engineering Services Fund, an internal service fund that provides services to other city funds, ended the year with a deficit of \$90,985. The deficit is solely the result of net pension liability and net OPEB liability, noncurrent liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund is provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when noncurrent liabilities mature.

The 61st District Court, a discretely presented component unit, had a deficit of \$10,634,050 at June 30, 2022. The deficit is solely the result of net pension liability and net OPEB liability in the financial statements of the full accrual funds. The General Fund is required to provide funding for the 61st District Court, so future funding will be available when needed to fund these liabilities.

The Grants Fund, a special revenue fund, had a deficit of \$1,117,002 at June 30, 2022. The deficit is solely related to unavailable revenue that will be collected in the subsequent year.

Note 4 - Restricted Assets

Certain bond issues require the restriction of assets. The amount of restricted assets is determined by authorized construction projects, requirements specified in bond ordinances, and current bond maturities. Pooled cash is unspent bond proceeds. The funds held by trustee is the Insurance Payment Fund for internal service and restricted for debt service payments in the water and sewer systems.

At June 30, 2022, restricted assets are composed of the following:

	Proprietary Funds		
	Water Supply System	Sewage Disposal System	Internal Service
Funds held by trustee	\$ 10,407,693	\$ 23,064,198	\$ 5,192,779
Equity in pooled cash and investments	6,148,531	5,350,713	-
Loans receivable	280,620	197,408	-
Total	\$ 16,836,844	\$ 28,612,319	\$ 5,192,779

As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities is as follows:

Governmental Activities

	Balance July 1, 2021	Reclassifications	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 27,055,048	\$ -	\$ -	\$ -	\$ 27,055,048
Construction in progress	46,310,966	(20,454,997)	19,776,408	(49,643)	45,582,734
Easement/Right of Way	1,323,115	-	307,374	-	1,630,489
Subtotal	74,689,129	(20,454,997)	20,083,782	(49,643)	74,268,271
Capital assets being depreciated:					
Lease assets	73,531	-	-	-	73,531
Buildings and structures	177,966,669	907,281	2,303,190	(173,119)	181,004,021
Furniture and equipment	2,639,031	-	-	-	2,639,031
Vehicles	61,917,468	1,554,527	2,499,957	(5,231,804)	60,740,148
Machinery and equipment	35,700,424	-	1,527,314	(7,541,286)	29,686,452
Land improvements	65,408,854	1,140,705	431,750	(52,709)	66,928,600
Software	221,312	-	-	(78,412)	142,900
Infrastructure	558,372,140	16,852,484	591,828	(1,714,800)	574,101,652
Subtotal	902,299,429	20,454,997	7,354,039	(14,792,130)	915,316,335
Accumulated depreciation:					
Lease assets	-	-	24,293	-	24,293
Buildings and structures	120,379,492	-	3,425,961	(173,119)	123,632,334
Furniture and equipment	2,632,480	-	2,050	-	2,634,530
Vehicles	35,339,545	-	4,684,980	(4,805,133)	35,219,392
Machinery and equipment	18,508,547	-	1,582,789	(7,502,433)	12,588,903
Land improvements	36,421,845	-	2,136,341	(52,709)	38,505,477
Software	213,088	-	4,775	(74,963)	142,900
Infrastructure	446,085,624	-	11,859,456	(1,673,034)	456,272,046
Subtotal	659,580,621	-	23,720,645	(14,281,391)	669,019,875
Net capital assets being depreciated	242,718,808	20,454,997	(16,366,606)	(510,739)	246,296,460
Net governmental activities capital assets	<u>\$ 317,407,937</u>	<u>\$ -</u>	<u>\$ 3,717,176</u>	<u>\$ (560,382)</u>	<u>\$ 320,564,731</u>

As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2021	Reclassifications	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 14,706,068	\$ -	\$ -	\$ -	\$ 14,706,068
Construction in progress	30,885,288	(24,374,056)	11,434,782	(225,727)	17,720,287
Easement/Right of Way	3,132,850	-	336,629	-	3,469,479
Subtotal	48,724,206	(24,374,056)	11,771,411	(225,727)	35,895,834
Capital assets being depreciated:					
Water meters	690,457	-	-	-	690,457
Storage tanks	23,017,711	812,742	789,480	-	24,619,933
Buildings and structures	232,429,017	2,445,887	68,194	-	234,943,098
Furniture	1,719,594	-	-	(954,089)	765,505
Motor vehicles	6,333,743	-	-	-	6,333,743
Machinery and equipment	327,922,075	7,609,445	5,181,508	(736,075)	339,976,953
Sewer service mains	531,921,271	3,134,058	9,801,747	-	544,857,076
Land improvements	34,554,843	1,758,055	84,125	-	36,397,023
Water mains	358,917,234	8,613,869	10,602,980	(197,834)	377,936,249
Software	190,958	-	-	-	190,958
Lease assets	3,267,590	-	-	-	3,267,590
Subtotal	1,520,964,493	24,374,056	26,528,034	(1,887,998)	1,569,978,585
Accumulated depreciation:					
Storage tanks	14,385,086	-	638,282	-	15,023,368
Buildings and structures	128,585,664	-	5,165,887	-	133,751,551
Furniture	1,712,445	-	234	(954,089)	758,590
Motor vehicles	3,419,286	-	625,493	-	4,044,779
Machinery and equipment	176,102,246	-	11,387,093	(462,714)	187,026,625
Sewer service mains	207,915,335	-	10,131,185	-	218,046,520
Land improvements	23,149,698	-	1,126,186	-	24,275,884
Water mains	101,247,578	-	4,926,234	-	106,173,812
Software	190,958	-	-	-	190,958
Lease assets	-	-	568,546	-	568,546
Subtotal	656,708,296	-	34,569,140	(1,416,803)	689,860,633
Net capital assets being depreciated	864,256,197	24,374,056	(8,041,106)	(471,195)	880,117,952
Net business-type activities capital assets	\$ 912,980,403	\$ -	\$ 3,730,305	\$ (696,922)	\$ 916,013,786

As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets (Continued)

Component Units

Capital asset activity of the 61st District Court for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated - Construction in progress	\$ -	\$ 63,541	\$ -	\$ 63,541
Capital assets being depreciated:				
Motor vehicles	47,104	45,253	-	92,357
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	-	13,988	-	13,988
Subtotal	197,884	59,241	-	257,125
Accumulated depreciation:				
Motor vehicles	36,592	6,065	-	42,657
Intangibles/Software	150,738	42	-	150,780
Machinery and equipment	-	441	-	441
Subtotal	187,330	6,548	-	193,878
Net capital assets being depreciated	10,554	52,693	-	63,247
Net 61st District Court capital assets	<u>\$ 10,554</u>	<u>\$ 116,234</u>	<u>\$ -</u>	<u>\$ 126,788</u>

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As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Downtown Development Authority for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 11,008,005	\$ -	\$ -	\$ 11,008,005
Construction in progress	-	4,489	-	4,489
Subtotal	11,008,005	4,489	-	11,012,494
Capital assets being depreciated:				
Buildings and structures	60,161,125	-	-	60,161,125
Machinery and equipment	6,044,760	-	-	6,044,760
Furniture	2,827,540	-	-	2,827,540
Land improvements	6,708,245	-	-	6,708,245
Infrastructure	267,779	-	-	267,779
Lease asset	197,231	-	-	197,231
Subtotal	76,206,680	-	-	76,206,680
Accumulated depreciation:				
Buildings and structures	48,918,006	2,007,958	-	50,925,964
Machinery and equipment	4,998,828	232,197	-	5,231,025
Furniture	2,332,446	94,206	-	2,426,652
Land improvements	5,987,804	189,729	-	6,177,533
Infrastructure	202,315	5,951	-	208,266
Lease asset	-	60,686	-	60,686
Subtotal	62,439,399	2,590,727	-	65,030,126
Net capital assets being depreciated	13,767,281	(2,590,727)	-	11,176,554
Net Downtown Development Authority capital assets	\$ 24,775,286	\$ (2,586,238)	\$ -	\$ 22,189,048

As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Tax Increment Financing Authority for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Lease asset	3,088	-	-	3,088
Subtotal	1,489,888	-	-	1,489,888
Accumulated depreciation:				
Land improvements	1,486,800	-	-	1,486,800
Lease asset	-	950	-	950
Subtotal	1,486,800	950	-	1,487,750
Net Tax Increment Financing Authority capital assets	\$ 3,088	\$ (950)	\$ -	\$ 2,138

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

Governmental activities:	
General government	\$ 2,177,780
Public safety	1,770,962
Public works	12,628,844
Economic development	10,655
Recreation and culture	2,747,809
Internal service fund depreciation is charged to the various functions based on their usage of the asset	4,384,595
Total governmental activities	<u>\$ 23,720,645</u>
Business-type activities:	
Water	\$ 11,785,530
Sewer	19,002,220
Other	3,781,390
Total business-type activities	<u>\$ 34,569,140</u>
Component unit activities:	
61st District Court	\$ 6,548
Downtown Development Authority	2,590,727
Tax Increment Financing Authority	950
Total component unit activities	<u>\$ 2,598,225</u>

As of and for the Year Ended June 30, 2022

Note 5 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end. The major projects include various Water Supply System, Sewage Disposal System, and street construction projects. At year end, the City's major commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Supply System - Various water mains and system construction projects	\$ 18,238,589	\$ 13,148,018
Sewer Disposal System - Various sewer mains and system construction projects	16,336,877	976,578
Streets Capital Construction - Various street construction projects	369,960	-
Vital Streets Capital Construction - Various vital street construction projects	<u>6,519,093</u>	<u>269,069</u>
Total	<u>\$ 41,464,519</u>	<u>\$ 14,393,665</u>

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As of and for the Year Ended June 30, 2022

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Maturity Date Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2017 Capital Improvement Bond Cemeteries	1.5 - 2.65%	2-21 to 2-27	\$ 2,220,000	\$ -	\$ (350,000)	\$ 1,870,000	\$ 360,000
2013 Capital Improvement Bonds	2.96%	8-20 to 8-29	1,115,000	-	(100,000)	1,015,000	110,000
2012 Grand Rapids Brownfield Redevelopment Authority Purchase Agreement	2.1%	6-21 to 6-23	102,800	-	(102,800)	-	-
Kent County Drain Commission Contract payable (2016 Floodwalls)	3-5%	11-20 to 11-36	7,260,000	-	(315,000)	6,945,000	325,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	3-4%	11-20 to 11-34	3,475,000	-	(200,000)	3,275,000	205,000
Total direct borrowings and direct placements			14,172,800	-	(1,067,800)	13,105,000	1,000,000
Other debt:							
2021 LTGO Capital Improvement (street lighting)	1.25-4.00%	10-22 to 10-41	-	11,790,000	-	11,790,000	450,000
2020A Grand Rapids Building Authority	4.0-5.0%	10-33 to 10-39	1,560,000	-	-	1,560,000	-
2020B Grand Rapids Building Authority	0.35-2.25%	10-21 to 10-32	2,307,238	-	(502,238)	1,805,000	155,000
2019A Grand Rapids Building Authority (Condo II-taxable)	5.00%	10-20 to 10-28	7,870,000	-	(825,000)	7,045,000	865,000
2019B Grand Rapids Building Authority (Condo II)	1.9-2.51%	10-20 to 10-28	8,980,000	-	(1,040,000)	7,940,000	1,065,000
2018 LTGO Capital Improvement (street lighting)	3-5%	10-22 to 10-41	8,210,000	-	-	8,210,000	255,000
2016 LTGO Refunding Bonds	3-5%	10-20 to 10-27	5,655,000	-	(695,000)	4,960,000	735,000
2016 Capital Improvement Bonds Vital Streets	4-5%	4-21 to 4-26	9,215,000	-	(1,680,000)	7,535,000	1,750,000
Total other debt			43,797,238	11,790,000	(4,742,238)	50,845,000	5,275,000
Unamortized bond premiums			4,378,202	630,889	(613,458)	4,395,633	-
Total bonds and contracts payable			62,348,240	12,420,889	(6,423,496)	68,345,633	6,275,000
Leases			73,531	-	(25,043)	48,488	24,580
Compensated absences			14,903,085	10,116,571	(9,727,352)	15,292,304	6,677,073
Insurance claims			4,519,098	29,789,785	(28,345,272)	5,963,611	5,693,811
Total governmental activities			\$ 81,843,954	\$ 52,327,245	\$ (44,521,163)	\$ 89,650,036	\$ 18,670,464

As of and for the Year Ended June 30, 2022

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2014 Water Supply System QECB/IPA	2.54%	1-21 to 1-24	\$ 638,460	\$ -	\$ (207,495)	\$ 430,965	\$ 212,765
2016 Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-36	1,718,008	-	(95,000)	1,623,008	100,000
2015 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-36	7,763,063	-	(400,000)	7,363,063	410,000
2014 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-34	2,147,840	-	(130,000)	2,017,840	135,000
2012 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-33	2,295,930	-	(150,000)	2,145,930	155,000
2012A Water Supply System Junior Lien Revenue Bonds	2%	4-21 to 4-33	443,514	-	(30,000)	413,514	35,000
2011A Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-31	534,752	-	(45,000)	489,752	45,000
2011B Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-32	476,549	-	(40,000)	436,549	40,000
2011C Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-33	1,811,024	-	(130,000)	1,681,024	135,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2%	4-21 to 4-34	769,125	-	(50,000)	719,125	55,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-32	2,829,305	-	(225,000)	2,604,305	230,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-33	1,075,370	-	(80,000)	995,370	80,000
Total direct borrowings and direct placements			22,502,940	-	(1,582,495)	20,920,445	1,632,765
Other debt:							
2020 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-50	26,445,000	-	(425,000)	26,020,000	445,000
2018 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-48	30,795,000	-	(575,000)	30,220,000	605,000
2016 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-46	34,550,000	-	(1,025,000)	33,525,000	1,075,000
2015 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-35	22,270,000	-	(1,135,000)	21,135,000	1,190,000
2013 Water Supply System Revenue Refunding Bonds	2-4%	1-21 to 1-28	1,565,000	-	(175,000)	1,390,000	190,000
2021 Sanitary Sewer System Revenue Refunding Bonds	0.30-2.8%	1-23 to 1-42	-	101,700,000	(1,815,000)	99,885,000	1,660,000
2020 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-50	34,790,000	-	(245,000)	34,545,000	255,000
2018 Sanitary Sewer System Revenue Bonds	5%	1-21 to 1-48	40,455,000	-	(740,000)	39,715,000	780,000
2016 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-38	43,785,000	-	(1,695,000)	42,090,000	1,775,000
2014 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-44	50,395,000	-	(46,135,000)	4,260,000	2,075,000
2013 Sanitary Sewer System Revenue Refunding Bonds	2-5%	1-21 to 1-34	34,115,000	-	(32,015,000)	2,100,000	2,100,000
2012 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-42	22,415,000	-	(22,390,000)	25,000	25,000
2010A Sanitary Sewer System Revenue Bonds (BABs)	6.62-6.72%	1-26 to 1-41	21,330,000	-	-	21,330,000	-
2010 Sanitary Sewer System Revenue Refunding Bonds	5%	1-23 to 1-28	29,625,000	-	-	29,625,000	4,355,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	5.5%	1-21 to 1-22	4,120,000	-	(4,120,000)	-	-

As of and for the Year Ended June 30, 2022

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt (continued):							
2016 Limited Tax General Obligation Refunding Bonds	3.5%	10-20 to 10-36	\$ 10,190,000	\$ -	\$ (715,000)	\$ 9,475,000	\$ 750,000
2020A Grand Rapids Building Authority Bonds	4.0-5.0%	10-21 to 10-35	4,245,000	-	(210,000)	4,035,000	220,000
2020B Grand Rapids Building Authority Bonds	0.35-2.05%	10-21 to 10-32	8,742,762	-	(812,762)	7,930,000	755,000
Total other debt			419,832,762	101,700,000	(114,227,762)	407,305,000	18,255,000
Unamortized bond premiums			57,392,287	-	(13,504,065)	43,888,222	-
Total bonds and contracts payable			499,727,989	101,700,000	(129,314,322)	472,113,667	19,887,765
Leases			3,267,590	-	(577,203)	2,690,387	577,828
Compensated absences			3,023,067	1,034,642	(1,233,839)	2,823,870	1,232,986
Total business-type activities			\$ 506,018,646	\$ 102,734,642	\$ (131,125,364)	\$ 477,627,924	\$ 21,698,579

Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
2017 Downtown Development Authority Refunding Bonds	5%	5-21 to 5-22	\$ 6,490,000	\$ -	\$ (6,490,000)	\$ -	\$ -
2012 Brownfield Redevelopment Authority Bonds	3-4%	6-21 to 6-32	1,580,000	-	(120,000)	1,460,000	125,000
Total other debt			8,070,000	-	(6,610,000)	1,460,000	125,000
Unamortized bond premiums			520,536	-	(520,536)	-	-
Total bonds and contracts payable			8,590,536	-	(7,130,536)	1,460,000	125,000
Leases			200,319	-	(62,246)	138,073	60,393
Compensated absences			787,987	237,248	(321,611)	703,624	307,162
Total component units			\$ 9,578,842	\$ 237,248	\$ (7,514,393)	\$ 2,301,697	\$ 492,555

On July 20, 2021, the City issued a General Obligation Limited Tax Capital Improvement Bond in the amount of \$11,790,000, with interest rates ranging from 1-4 percent and a maturity of October 2041. The net proceeds of \$12,420,889 (including premium of \$630,889) was used to fund capital projects.

On July 13, 2021, the City issued 2021 Sanitary Sewer System Revenue Refunding Bonds in the amount of \$101,700,000, with interest rates ranging from 0.3-2.8 percent, maturing in January 2042. The net proceeds of \$105,761,324 (less underwriter's discount of \$540,040) were used for the issue costs of the bonds and deposited into an escrow fund for the redemption of \$22,365,000 of the 2012 Sewer Revenue Bonds, \$32,015,000 of 2013 Sewer Revenue Bonds, and \$42,140,000 of 2014 Sewer Revenue Refunding Bonds. The advance refunding reduced total debt service payments by \$23,724,777, a net present value savings of \$14,552,787.

As of and for the Year Ended June 30, 2022

Note 6 - Long-term Debt (Continued)

Revenue bond issues are collateralized by capital assets constructed from bond proceeds. The current debt service requirements are provided by net revenue derived from operations of the various enterprise funds and are specifically restricted, as detailed in Note 4.

Amounts reflected as Kent County Drain Commission Contracts represent the City's liability for intracounty drain improvement projects in which it participated or is participating with Kent County, Michigan.

The Installment Purchase Agreements Series issued by the City, depending on the nature of the Purchase Agreements, are reported as business-type or governmental assets and liabilities for government-wide presentation. These agreements are general obligations of the City.

The bonds issued by the DDA were issued in anticipation of tax increment revenue on taxable properties in the development area. The debt service requirements are financed from property tax revenue collected in the DDA.

The City's total bonded debt does not include the 2001 JBA bonds of \$23,248,856 or the 2013 JBA bonds of \$1,220,000. These bonds were issued to finance a substantial portion of the new DeVos Place Convention Center Facility. The bonds are payable from the proceeds of semiannual rental payments in amounts sufficient to pay principal and interest on the bonds. Kent County, Michigan has the sole responsibility for the repayment of this debt through its hotel/motel tax receipts and general assets. The Downtown Development Authority has pledged to reimburse the county for half of the debt service payments on the 2013 bonds. The City is not liable for the payment of principal or interest and, therefore, has excluded them from the financial statements.

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As of and for the Year Ended June 30, 2022

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,005,237	\$ 518,571	\$ 5,275,000	\$ 1,813,514	\$ 8,612,322
2024	1,035,001	486,497	5,490,000	1,594,158	8,605,656
2025	1,075,000	451,798	5,710,000	1,365,197	8,601,995
2026	1,100,000	414,459	5,955,000	1,129,178	8,598,637
2027	1,140,000	374,158	4,055,000	892,719	6,461,877
2028-2032	3,969,762	1,305,538	10,910,000	2,873,871	19,059,171
2033-2037	3,780,000	423,901	6,415,000	1,659,099	12,278,000
2038-2042	-	-	7,035,000	532,299	7,567,299
2043-2047	-	-	-	-	-
2048-2051	-	-	-	-	-
Total	\$ 13,105,000	\$ 3,974,922	\$ 50,845,000	\$ 11,860,035	\$ 79,784,957

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,632,765	\$ 508,207	\$ 18,255,000	\$ 16,394,291	\$ 36,790,263
2024	1,668,199	467,563	19,030,000	15,597,947	36,763,709
2025	1,485,000	425,974	19,730,000	14,852,845	36,493,819
2026	1,510,000	389,110	20,500,000	14,152,345	36,551,455
2027	1,570,000	351,437	21,275,000	13,415,314	36,611,751
2028-2032	8,390,606	1,155,398	98,825,000	56,035,378	164,406,382
2033-2037	4,663,875	250,893	91,890,000	37,965,492	134,770,260
2038-2042	-	-	61,730,000	21,168,487	82,898,487
2043-2047	-	-	39,795,000	9,603,200	49,398,200
2048-2051	-	-	16,275,000	1,273,550	17,548,550
Total	\$ 20,920,445	\$ 3,548,582	\$ 407,305,000	\$ 200,458,849	\$ 632,232,876

Years Ending June 30	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
2023	\$ 125,000	\$ 53,512	\$ 178,512
2024	130,000	48,513	178,513
2025	135,000	43,962	178,962
2026	135,000	39,238	174,238
2027	140,000	34,513	174,513
2028-2032	795,000	91,118	886,118
2033-2037	-	-	-
2038-2042	-	-	-
2043-2047	-	-	-
2048-2051	-	-	-
Total	\$ 1,460,000	\$ 310,856	\$ 1,770,856

Note 6 - Long-term Debt (Continued)

The City believes it is in compliance with all significant limitations and restrictions contained in various bond indentures.

Worker's Compensation

Although the liability for workers' compensation is recorded in the Insurance Payment internal service fund, it remains a liability of the City. The operating budget of the City reflects the amounts required to pay for these liabilities. These amounts are reported as revenue to the Insurance Payment Fund, which is used to pay actual claims and related costs.

Compensated Absences

The City provides employees with paid time off - including vacation, sick, and compensatory time off for overtime - as defined by collective bargaining agreements and city policies. This liability for unused time is reported in the governmental funds statements as an assigned portion of fund balance under modified accrual accounting and in the government-wide and proprietary funds statements as a liability under the full accrual method of accounting. Amounts due for compensated absences are liquidated as they become payable by the governmental or proprietary funds from which the related employees' compensation is paid. The liability is liquidated primarily from the General Fund, as it contains the most significant compensated absence balance of the governmental funds.

Note 7 - Pension Plans

Plan Description

The City has two single-employer defined benefit pension plans that provide retirement and disability benefits to plan members and beneficiaries. Benefit provisions are established and amended by city ordinance. Each system issues publicly available audited financial reports that include financial statements and required supplementary information. Both systems' financial reports for recent years can be found on the pension systems' website, www.grpensions.org. Copies are also available on the Michigan Department of Treasury website, <http://www.michigan.gov/treasury>, by searching Kent County governments within the Local Audit and Finance Division - Document Search page. The pension systems' website also includes recent actuarial studies with a complete summary of benefit provisions.

Benefits Provided

The Police and Fire Retirement System covers eligible employees who are police officers and firefighters regularly employed by the City. Members of this plan are not covered by the federal Social Security program. Benefit provisions provide retirees either an annual noncompounding escalator of 1 percent to each police member's or 1.5 percent to each fire member's retirement allowance after a specified waiting period subsequent to his or her retirement date. Members not eligible for the escalator are eligible for a 13th check that is issued to participants when the average return on the system's investments in the prior five years has exceeded 8.0 percent. Eligibility for either benefit is determined by the member's bargaining unit and termination date.

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

An eligible employee becomes a participant in the system as of his or her date of permanent employment. The system provides for 100 percent vesting in system benefits with 10 years of credited service. Fire members may elect to retire after attaining age 55 and completing 10 years of service, or upon attainment of their credited service cap. Police members may elect to retire after attaining age 50 and completing 10 years of service. The benefit payable after retirement ranges between 2.0 and 2.8 percent of a member's final average salary (FAS) based on the 3 consecutive years of highest pay rate, up to a maximum percentage of FAS between 80 and 100 percent based on a number of factors, including hire date and contributions into the system. At retirement, an FAS adjustment factor is applied to adjust the retiree's FAS based on a factor representing the group average compensation in excess of the regular pay rate (mostly overtime pay). In fiscal year 2020, those adjustments were 13.2 percent for police members and 10.2 percent for firefighter members. All plan members are eligible for a duty disability benefit of between 72 and 90 percent of their salary at the time of disability less certain offsets. Plan members are also eligible for a nonduty disability allowance that varies based on bargaining unit, years of service, and age. The surviving spouse of a member who dies prior to retiring is eligible to receive benefits of at least 20 percent of the member's salary. Dependents are eligible for a separate allowance of up to 15 percent of the member's salary until age 18 (age 23 if they are full-time students).

The General Retirement System covers most other eligible employees regularly employed by the City, including the 61st District Court, a component unit of the City. Benefit provisions provide retirees either an annual noncompounding escalator of 1 percent to each member's retirement allowance subsequent to his or her retirement date or eligibility for a 13th check that is issued to participants when the average return on the system's investments in the prior five years has exceeded 8.0 percent. Which of the two benefit enhancements a member is eligible for is determined by the member's bargaining unit and termination date.

An eligible employee became a participant in the system as of his or her date of permanent employment. The system provides for 100 percent vesting in system benefits with 8 years of credited service. Employees may elect to retire after attaining age 62 and completing 8 years of credited service, or after completing 30 years of service regardless of age. The yearly allowance payable monthly for life to the retired member equals a benefit multiplier multiplied by the member's final average salary, multiplied by years and months of credited service. A reduced benefit is available to members retiring prior to age 62 with less than 30 years of service.

For members of the Crime Scene Technicians group and for members of the ECO I, II, and III group, FAS is adjusted each year by a factor that accounts for the average holiday, overtime, shift adjustment, and other forms of compensation that the group earned as a percentage of their pay rate during the previous 5-year period. Those adjustments to the pensions of group members retiring during the year ended June 30, 2022 were 6.5 and 40.4 percent, respectively. For purposes of benefit calculations, the FAS is based on the member's 3 highest compensated calendar years of credited service before the end of the calendar year in which the employee attains 40 years of credited service or reaches his or her credited service cap. All plan members are eligible for nonduty disability benefits after completing 10 or more years of credited service and before attaining minimum service retirement age. All plan members are eligible for duty disability retirement benefits prior to attaining minimum service retirement age. Disability retirement benefits are determined in the same manner as retirement benefits and are not subject to an actuarial reduction. Duty disability allowances shall not be less than 50 percent of the member's final average salary, unless the member is a part of the Crime Scene Technician or ECO I, II, and III groups, in which case the allowance shall not be less than 62 percent of the member's final average salary. Benefits are available to a beneficiary if a member dies while in employer service before retiring but after becoming eligible to retire with an immediate allowance.

The General Retirement System was closed to new entrants on June 30, 2014. Current members continue to accrue future benefits. The retirement program created to replace this pension plan is described in Note 14.

Note 7 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Date of member count	December 31, 2021	June 30, 2021
Retirees and beneficiaries receiving pension benefits	783	1,180
Terminated plan members entitled to but not yet receiving benefits	17	105
Active plan members	<u>433</u>	<u>387</u>
Total employees covered by the plan	<u><u>1,233</u></u>	<u><u>1,672</u></u>

Contributions

The contribution requirements of plan members and the City are based on city ordinance. The funding policy provides that the employer and employee contributions will continue to be made every two weeks when payroll is disbursed. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. Both contributions are based on each employee's pensionable wage during the pay period. An experience study is conducted every five years to validate the plan assumptions used to calculate needed contributions. The study covering the five years ended June 30, 2019 and December 31, 2019 was used to set the assumptions used to calculate net pension liability presented herein and future contributions.

For fiscal year 2022, the contribution rates for the Police and Fire Retirement System were 9.86 to 16.44 percent for plan members and 28.02 percent for the City (employer). For fiscal year 2022, the contribution rates for the General Retirement System were 3.00 to 11.54 percent for plan members and 47.17 percent for the City (employer).

Net Pension Liability

The Police and Fire Retirement System has adopted a December 31 year end. The General Retirement System shares a June 30 year end with the City. The measurement dates of the City's net pension liability were December 31, 2021 for the Police and Fire Retirement System and June 30, 2021 for the General Retirement System based on actuarial valuations as of those dates.

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

Changes in the net pension liability during the measurement year were as follows:

Police and Fire Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 587,696,804	\$ 475,503,361	\$ 112,193,443
Changes for the year:			
Service cost	10,109,359	-	10,109,359
Interest	40,340,298	-	40,340,298
Differences between expected and actual experience	7,963,985	-	7,963,985
Changes in assumptions	17,216,930	-	17,216,930
Contributions - Employer	-	11,660,533	(11,660,533)
Contributions - Employee	-	5,930,546	(5,930,546)
Net investment income	-	83,738,143	(83,738,143)
Benefit payments, including refunds	(32,923,031)	(32,923,031)	-
Administrative expenses	-	(550,780)	550,780
Miscellaneous other charges	-	(46,903)	46,903
Net changes	42,707,541	67,808,508	(25,100,967)
Balance at December 31, 2021	\$ 630,404,345	\$ 543,311,869	\$ 87,092,476

General Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2020	\$ 557,599,165	\$ 403,408,591	\$ 154,190,574
Changes for the year:			
Service cost	4,206,804	-	4,206,804
Interest	37,960,117	-	37,960,117
Differences between expected and actual experience	(1,383,882)	-	(1,383,882)
Contributions - Employer	-	11,284,613	(11,284,613)
Contributions - Employee	-	2,523,078	(2,523,078)
Net investment income	-	107,922,370	(107,922,370)
Benefit payments, including refunds	(34,830,364)	(34,830,364)	-
Administrative expenses	-	(558,139)	558,139
Miscellaneous other charges	-	(45,847)	45,847
Net changes	5,952,675	86,295,711	(80,343,036)
Balance at June 30, 2021	\$ 563,551,840	\$ 489,704,302	\$ 73,847,538

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the City recognized pension recovery of \$9,700,152. At June 30, 2022, 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
Difference between expected and actual experience	\$ 7,926,387	\$ 569,834
Changes in assumptions	21,486,791	-
Net difference between projected and actual earnings on pension plan investments	-	102,834,913
Employer contributions to the plan subsequent to the measurement date	18,577,626	-
Total	<u>\$ 47,990,804</u>	<u>\$ 103,404,747</u>

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors, are amortized over a closed period equal to the average of the expected remaining period of service for all system members. Those time periods are 4.2 years for the Police and Fire System and 1.7 years for the General Retirement System. The differences between projected and actual investment earnings are amortized over 5 years. The amount reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense according to the following schedule:

Years Ending June 30	Amount
2023	\$ (10,052,821)
2024	(20,980,179)
2025	(17,867,247)
2026	(25,091,320)
Total	<u>\$ (73,991,567)</u>

Actuarial Assumptions

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

	Police and Fire Retirement System	General Retirement System
Actuarial measurement date	December 31, 2021	June 30, 2021
Project salary increases	3.00% - 20.00%	3.00% - 8.00%
Inflation assumptions	3.00% - Wage, 2.25% - Price	2.50% - Wage, no explicit price inflation
Investment rate of return	6.75%	7.00%
Discount rate	6.75%	7.00%
Mortality rates	Pub-2010 Amount-weighted Public Safety mortality tables projected using MP-2019 scale	Pub-2010 Amount-weighted General mortality tables projected using MP-2019 scale

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

Discount Rate

A single discount rate based on the expected rate of return on system investments was used to measure the total pension liability. This single discount rate was 7.00 as of the measurement date of the General Retirement System liability and 6.75 as of the measurement dates of the Police and Fire Retirement System liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate and that both contributions will continue to be made biweekly when wages are paid. Based on these assumptions, both systems' fiduciary net position 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 system investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return and Asset Allocation

The long-term expected rate of return on pension plan investments is determined by each system's board. A formal review of the assumed rate of return expectation occurs at a minimum of every five years in conjunction with the plans' actuarial experience study. During the interval between experience studies, the expectation is tested through occasional asset allocation studies conducted by the systems' investment consultant.

These estimates are then combined using a building-block method in which best-estimate ranges 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 ranges are combined to produce the long-term expected rate of return by weighting the expected future real return by the target asset allocation percentage and by adding expected inflation, 2.25 percent at June 30, 2021 and 2.58 percent at December 31, 2021.

The current asset allocation policy for each pension system and the expected geometric real rate of return (net of projected inflation) of each asset class as of December 31, 2021 and June 30, 2021 is shown below:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2021
U.S. equity	17.75 %	4.50 %
Non-U.S. equity	17.75	5.75
Fixed income	24.50	2.00
Treasury inflation-protected securities	5.00	1.45
Real estate securities	5.00	4.55
Private equity	5.00	8.10
Commodities	5.00	4.30
Master limited partnerships	5.00	6.60
Private credit	5.00	6.92
Global low volatility	10.00	5.18

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

General Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2021
U.S. equity	17.75 %	4.50 %
Non-U.S. equity	17.75	5.75
Fixed income	24.50	2.00
Treasury inflation-protected securities	5.00	1.45
Real estate securities	5.00	4.55
Private equity	5.00	8.10
Commodities	5.00	4.30
Master limited partnerships	5.00	6.60
Private credit	5.00	6.92
Global low volatility	10.00	5.18

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent for the General Retirement System and 6.75 percent for the Police and Fire Retirement System, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Police and Fire Retirement System	\$ 165,783,382	\$ 87,092,476	\$ 22,757,469
Net pension liability of the General Retirement System	135,347,957	73,847,538	21,902,025

Basis of Accounting

The Police and Fire Retirement System's and the General Retirement System's financial statements are prepared using the accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefits are paid monthly and benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

Changes in assumptions in the Police and Fire Retirement System include the assumed rate of return being reduced from 7.00 to 6.75 percent.

Investments

Investments are stated at fair value. Short-term investments may be reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments, like private equity, that do not have an established market are reported at estimated fair value. More information on the systems' investments and their valuation is found in Note 2.

The investments of the systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965, which has numerous investment limitations depending on the type of investment. The most significant requirements as they impact the systems are as follows:

- Investments in equity securities are limited to 70 percent of the systems' assets, and investments in the stock of any one corporation are limited to 5 percent of the systems' assets.

As of and for the Year Ended June 30, 2022

Note 7 - Pension Plans (Continued)

- Investments in securities traded outside the U.S., or in a foreign currency, are limited to 20 percent of the systems' assets.
- Equity investments in real estate are limited to 10 percent of the systems' assets.
- Investments in state and local government obligations are limited to 5 percent of the systems' assets.
- Investments in derivatives are limited to a notional amount equal to 15 percent of the systems' assets and may not be used to leverage the portfolio.

Note 8 - Pension Plan Allocations

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for both pension plans:

	Primary Government		Component Unit - 61st District Court	Total
	Governmental Activities	Business-type Activities		
Net pension liability	\$ 136,348,436	\$ 18,151,422	\$ 6,440,156	\$ 160,940,014
Pension recovery	(7,776,484)	(1,889,906)	(33,762)	(9,700,152)
Deferred outflows of resources representing contributions subsequent to the measurement date	14,391,816	3,089,288	1,096,522	18,577,626
Deferred outflows of resources representing the differences between expected and actual experience	7,926,387	-	-	7,926,387
Deferred outflows of resources representing assumption changes	21,486,791	-	-	21,486,791
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(87,318,084)	(11,763,075)	(3,753,754)	(102,834,913)
Deferred inflows of resources representing the differences between expected and actual experience	(377,851)	(142,288)	(49,695)	(569,834)
Amortization of deferred amounts:				
2022	\$ (6,598,862)	\$ (2,615,143)	\$ (838,816)	\$ (10,052,821)
2023	(17,737,170)	(2,458,476)	(784,533)	(20,980,179)
2024	(14,116,952)	(2,843,042)	(907,253)	(17,867,247)
2025	(19,829,773)	(3,988,700)	(1,272,847)	(25,091,320)
Total	<u>\$ (58,282,757)</u>	<u>\$ (11,905,361)</u>	<u>\$ (3,803,449)</u>	<u>\$ (73,991,567)</u>
Sensitivity analysis:				
General Retirement System net pension liability at 6.00 percent discount rate	\$ 90,276,450	\$ 33,267,973	\$ 11,803,534	\$ 135,347,957
General Retirement System net pension liability at 8.00 percent discount rate	14,608,547	5,383,428	1,910,050	21,902,025

As of and for the Year Ended June 30, 2022

Note 9 - Other Postemployment Benefit Trust Funds

The following are condensed financial statements for the individual postemployment health care plans as of and for the year ended June 30, 2022:

	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	Total
Statement of Net Position				
Equity in pooled cash and investments	\$ 728,076	\$ 55,790	\$ -	\$ 783,866
Investments held by trustee - Diversified investment pool	15,628,846	40,435,771	21,930,363	77,994,980
Receivables - Net	5,067	4,675	2,803	12,545
Vouchers and accounts payable	(197,925)	(169,242)	(262,424)	(629,591)
Net position	<u>\$ 16,164,064</u>	<u>\$ 40,326,994</u>	<u>\$ 21,670,742</u>	<u>\$ 78,161,800</u>
Statement of Changes in Net Position				
Employer contributions	\$ 2,094,675	\$ 1,184,482	\$ 1,346,555	\$ 4,625,712
Investment loss	(2,084,025)	(5,348,951)	(2,883,885)	(10,316,861)
Benefits paid	(1,942,538)	(2,389,598)	(2,091,861)	(6,423,997)
Administration expense	(198,400)	(236,617)	(167,778)	(602,795)
Federal grants	99,464	73,713	167,426	340,603
Change in net position	<u>\$ (2,030,824)</u>	<u>\$ (6,716,971)</u>	<u>\$ (3,629,543)</u>	<u>\$ (12,377,338)</u>

Note 10 - Other Postemployment Benefit Plans

Plan Description

The City has created and administers three single-employer defined benefit (DB) plans to provide other postemployment benefits (OPEB) to eligible retirees. The statements report the net OPEB liability within the individual fund statements similar to the presentation of the net pension liability. Because these plans do not issue separate statements, both GASB 74 and GASB 75 requirements are presented in this footnote. The measurement date of the City's net OPEB liability is June 30, 2021, while the actuarial valuation date to determine required contributions was June 30, 2020.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Plan operation is administered by city staff.

The City of Grand Rapids, Michigan has also contracted with the Municipal Employees' Retirement System of Lansing, Michigan to administer a defined contribution (DC) OPEB plan for certain city employees. The MERS Health Care Savings Program is an Internal Revenue Code Section 115 Governmental Integral Part Trust. Participation is mandatory for permanent, full-time employees not covered by one of the DB retiree health care plans described above. Contributions are made every pay period by both the employee and the employer. See Note 14 for more details.

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

Benefits Provided

The City's OPEB plans provide health care, dental, and vision benefits for eligible retirees and their eligible dependents until the retiree is age 65. Current full-time employees not covered by one of the DB OPEB plans described here are covered by a DC plan created in 2009 and administered by MERS. Information about the DC plan is presented in Note 14. The benefits under all DB plans are closed to new members, but, at retirement (or death or disability), new hires who are members of the DC OPEB plan have the right to purchase the benefit coverage at the premium cost that applies to the entire insurance pool. Because the premium is not age-graded to reflect a retiree's actual age, an implicit rate subsidy is valued as a benefit provided under the DB plans.

Benefits are established through negotiation with employee unions and are similar for all retirees and active employees. Future modifications to the plans would require changes in future labor contracts. Different employee bargaining units have different eligibility standards to qualify for the benefits, which led to the creation of three separate plans: the General Retiree Health Care Plan (General Plan), the Police Retiree Health Care Plan (Police Plan), and the Fire Retiree Health Care Plan (Fire Plan).

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of the most recent valuation date:

	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan
Date of member count	June 30, 2021	June 30, 2021	June 30, 2021
Retirees and beneficiaries receiving benefit payments	180	135	105
Inactive plan members entitled to but not yet receiving benefit payments	-	16	3
Active plan members	901	285	197
Total plan members	<u>1,081</u>	<u>436</u>	<u>305</u>

Contributions

Contribution levels are determined annually by the City Commission during the annual budget process after considering the expected pay-as-you-go cash outlay from each plan for the benefit, the actuarially determined employer contribution (ADEC) calculated by the plans' actuary, and available resources. No contributions are required from current employees covered by the DB plan, but members who retire after March 2010 continue to make the same required monthly insurance premium payment made by current active employees plus an additional amount from a vesting schedule if they have not reached the full retirement age and service requirements in their labor agreement. Earlier retirees continue to receive the benefit under terms in effect at their retirement date. For fiscal year 2022, the City contributed \$4,625,712 to the three plans. Retiree premium payments of \$1,438,059 are shown as a reduction in benefits paid, rather than as a revenue. Retiree health care costs are charged to individual funds as a percentage of pensionable wages at rates of 7.73 percent for firefighters, 5.44 percent for police officers, and 5.28 percent for other employees. The DB plans receive all revenue from these charges that are not required to be contributed to the DC OPEB plan.

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

Net OPEB Liability (Asset)

The City reports the net OPEB liability (asset) on its financial statements using a measurement date of June 30, 2021. Changes in the City's net OPEB liability (asset) resulting from the operation of the three plans during the measurement year ended June 30, 2021 are shown below:

General Retiree Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 32,870,069	\$ 14,101,516	\$ 18,768,553
Changes for the year:			
Service cost	660,142	-	660,142
Interest	1,616,466	-	1,616,466
Differences between expected and actual experience	(2,142,892)	-	(2,142,892)
Changes in assumptions	657,341	-	657,341
Contributions - Employer	-	2,444,430	(2,444,430)
Federal grants	-	36,078	(36,078)
Net investment income	-	3,526,908	(3,526,908)
Benefit payments, including refunds	(1,741,657)	(1,741,657)	-
Administrative expenses	-	(172,387)	172,387
Net changes	(950,600)	4,093,372	(5,043,972)
Balance at June 30, 2021	\$ 31,919,469	\$ 18,194,888	\$ 13,724,581

Police Retiree Plan

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	\$ 45,120,857	\$ 37,958,130	\$ 7,162,727
Changes for the year:			
Service cost	690,578	-	690,578
Interest	2,216,149	-	2,216,149
Differences between expected and actual experience	(1,363,025)	-	(1,363,025)
Changes in assumptions	1,674,298	-	1,674,298
Contributions - Employer	-	1,378,330	(1,378,330)
Federal grants	-	70,268	(70,268)
Net investment income	-	10,122,593	(10,122,593)
Benefit payments, including refunds	(2,286,342)	(2,286,342)	-
Administrative expenses	-	(199,014)	199,014
Net changes	931,658	9,085,835	(8,154,177)
Balance at June 30, 2021	\$ 46,052,515	\$ 47,043,965	\$ (991,450)

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

Fire Retiree Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 27,637,821	\$ 20,366,756	\$ 7,271,065
Changes for the year:			
Service cost	784,961	-	784,961
Interest	1,358,995	-	1,358,995
Differences between expected and actual experience	(1,830,266)	-	(1,830,266)
Changes in assumptions	1,407,146	-	1,407,146
Contributions - Employer	-	1,421,902	(1,421,902)
Federal grants	-	29,313	(29,313)
Net investment income	-	5,323,922	(5,323,922)
Benefit payments, including refunds	(1,700,811)	(1,700,811)	-
Administrative expenses	-	(140,797)	140,797
Net changes	20,025	4,933,529	(4,913,504)
Balance at June 30, 2021	\$ 27,657,846	\$ 25,300,285	\$ 2,357,561

The components of the net OPEB liability (asset) of the City of Grand Rapids, Michigan at June 30, 2022 were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 28,111,852	\$ 39,210,567	\$ 24,410,718	\$ 91,733,137
Less plan fiduciary net position	(16,164,064)	(40,326,994)	(21,670,742)	(78,161,800)
City's net OPEB liability (asset)	\$ 11,947,788	\$ (1,116,427)	\$ 2,739,976	\$ 13,571,337

The plan fiduciary net position as a percent of the total OPEB liability at June 30, 2022 is 57.50 percent for the General Plan, 102.85 percent for the Police Plan, and 88.78 percent for the Fire Plan.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB recovery of \$12,380,594 from all plans.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 234,857	\$ (42,122,978)
Changes in assumptions	5,795,199	(5,867,249)
Net difference between projected and actual earnings on OPEB plan investments	-	(11,042,301)
Employer contributions to the plan subsequent to the measurement date	4,625,712	-
Total	\$ 10,655,768	\$ (59,032,528)

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors or from changes in assumptions regarding those factors are amortized over a closed period equal to the average of the expected remaining period of service for all plan members. Those time periods are 6.9 years for the Police Plan, 7.2 years for the Fire Plan, and 8.4 years for the General Plan. The differences between projected and actual investment earnings are amortized over 5 years. The \$4,625,712 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense according to the following schedule:

Years Ending June 30	Amount
2023	\$ (11,161,376)
2024	(10,912,864)
2025	(11,147,755)
2026	(11,203,732)
2027	(5,794,051)
Thereafter	(2,782,695)
Total	<u>\$ (53,002,473)</u>

Actuarial Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the actuarial valuation date. Actuarial calculations reflect a long-term perspective and may employ methods and assumptions that are designed to reduce short-term volatility in the value of actuarial assets and liabilities. Significant methods and assumptions are as follows at the actuarial valuation dates noted below:

	General Retiree Plan		Police Retiree Plan		Fire Retiree Plan	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Investment rate of return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected salary increase	3.00 - 7.16%	3.00 - 7.16%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%
Inflation rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Health care inflation rate - Medical and drug	7.7% grading to 3.5% in 2030	7.7% grading to 3.5% in 2030	7.7% grading to 3.5% in 2030	7.7% grading to 3.5% in 2030	7.7% grading to 3.5% in 2030	7.7% grading to 3.5% in 2030
Health care inflation rate - Dental and vision	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from January 1, 2015 through December 31, 2019.

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

Discount Rate

A single discount rate of 5.0 percent was used to measure the total OPEB liability of the three plans as of both June 30, 2021 and June 30, 2022. This single discount rate was based on the expected rate of return on system investments of 5.0 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to or above the actuarially determined employer contribution rates. Each plan's fiduciary net position 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return and Asset Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Investment Type	Expected Real Return	Target Allocation
Global Tactical Asset Allocation	1.89 %	35.00 %
U.S. Core Bonds	1.02	18.00
High yield/emerging market bonds	2.45	2.00
Short-term fixed income	0.18	5.00
U.S. Large Cap Equity	4.00	19.00
U.S. Mid Cap Equity	4.44	4.00
U.S. Small Cap Equity	4.44	3.50
U.S. Developed International Equity	4.53	3.50
Emerging Market Equity	5.32	5.00
Liquid Alternatives	1.75	5.00

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following tables present each plan's net OPEB liability (asset) as of the most recent measurement dates. The net OPEB liability (asset) of the Police and Fire plans is allocated to the primary government, and 6.9 percent of the General Plan is allocated to component units, with the rest to the primary government. The liability is calculated using a single discount rate of 5.0 percent, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

	June 30, 2022 Single Discount Rate		
	1 Percentage Point Decrease (4.0%)	Current Discount Rate (5.0%)	1 Percentage Point Increase (6.0%)
Net OPEB liability of the General Retiree Plan	\$ 13,690,672	\$ 11,947,788	\$ 10,337,277
Net OPEB liability (asset) of the Police Retiree Plan	1,396,484	(1,116,427)	(3,423,418)
Net OPEB liability of the Fire Retiree Plan	4,191,948	2,739,976	1,386,031
Total	<u>\$ 19,279,104</u>	<u>\$ 13,571,337</u>	<u>\$ 8,299,890</u>

As of and for the Year Ended June 30, 2022

Note 10 - Other Postemployment Benefit Plans (Continued)

	June 30, 2021 Single Discount Rate		
	1 Percentage	Current	1 Percentage
	Point Decrease	Discount Rate	Point Increase
	(4.0%)	(5.0%)	(6.0%)
Net OPEB liability of the General Retiree Plan	\$ 15,684,391	\$ 13,724,581	\$ 11,912,300
Net OPEB liability (asset) of the Police Retiree Plan	2,168,906	(991,450)	(3,876,345)
Net OPEB liability of the Fire Retiree Plan	4,034,749	2,357,561	798,601

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate

The following table presents each plan's net OPEB liability (asset) as of the most recent measurement dates. The net OPEB liability (asset) of the Police and Fire Plans is allocated to the primary government, and 6.9 percent of the General Plan is allocated to component units, with the rest to the primary government. The liability is calculated using each plan's current health care cost trend rate assumption, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a rate that is 1 percentage point lower or 1 percentage point higher:

	June 30, 2022 Health Care Cost Trend Rate		
	1 Percentage	Health Care	1 Percentage
	Point Decrease	Cost Trend Rate	Point Increase
Net OPEB liability of the General Retiree Plan	\$ 9,940,493	\$ 11,947,788	\$ 14,169,401
Net OPEB (asset) liability of the Police Retiree Plan	(3,820,963)	(1,116,427)	1,836,538
Net OPEB liability of the Fire Retiree Plan	876,499	2,739,976	4,825,621

	June 30, 2021 Health Care Cost Trend Rate		
	1 Percentage	Health Care	1 Percentage
	Point Decrease	Cost Trend Rate	Point Increase
Net OPEB liability of the General Retiree Plan	\$ 11,450,800	\$ 13,724,581	\$ 16,243,220
Net OPEB (asset) liability of the Police Retiree Plan	(4,375,522)	(991,450)	2,728,068
Net OPEB liability of the Fire Retiree Plan	231,031	2,357,561	4,739,112

Basis of Accounting

The plans' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized biweekly as part of the City's payroll process. Benefit expenses are recognized weekly when invoices are received from the third-party administrator. Investment returns are recognized when they are reported by the custodian.

Assumption Changes

For fiscal year 2022, the City's mortality tables were updated from the RP-2014 tables to the Pub-2010 tables, which use the MP-2019 improvement scale.

Rate of Return

For the year ended June 30, 2021, the City calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as (11.71), (11.54), and (11.56) percent for the General, Police, and Fire Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

As of and for the Year Ended June 30, 2022

Note 11 - Other Postemployment Benefit Plan Allocations

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for all OPEB plans:

	Primary Government		Component Unit - 61st District Court	Total
	Governmental Activities	Business-type Activities		
Net OPEB liability	\$ 11,645,636	\$ 3,014,914	\$ 1,421,592	\$ 16,082,142
Net OPEB asset	(991,450)	-	-	(991,450)
OPEB recovery	(10,877,153)	(1,305,472)	(197,969)	(12,380,594)
Deferred outflows of resources representing contributions subsequent to the measurement date	3,938,500	456,863	230,349	4,625,712
Deferred outflows of resources representing the differences between expected and actual experience	234,857	-	-	234,857
Deferred outflows of resources representing assumption changes	5,360,688	295,280	139,231	5,795,199
Deferred inflows of resources representing the net difference between projected and actual earnings on OPEB plan investments	(10,391,651)	(442,162)	(208,488)	(11,042,301)
Deferred inflows of resources representing the differences between expected and actual experience	(36,919,957)	(3,535,814)	(1,667,207)	(42,122,978)
Deferred inflows of resources representing assumption changes	(5,178,924)	(467,765)	(220,560)	(5,867,249)
Amortization of deferred amounts:				
2023	\$ (10,070,910)	\$ (741,047)	\$ (349,419)	\$ (11,161,376)
2024	(9,829,432)	(736,267)	(347,165)	(10,912,864)
2025	(10,054,052)	(743,247)	(350,456)	(11,147,755)
2026	(10,097,665)	(751,649)	(354,418)	(11,203,732)
2027	(4,892,114)	(612,929)	(289,008)	(5,794,051)
Thereafter	(1,950,815)	(565,322)	(266,558)	(2,782,695)
Total	\$ (46,894,988)	\$ (4,150,461)	\$ (1,957,024)	\$ (53,002,473)

Sensitivity analysis:

General Retiree Plan net OPEB liability at 4.00 percent discount rate (June 30, 2021 measurement date)	\$ 10,614,371	\$ 3,445,431	\$ 1,624,589	\$ 15,684,391
General Retiree Plan net OPEB liability at 6.00 percent discount rate (June 30, 2021 measurement date)	8,061,618	2,616,806	1,233,876	11,912,300
General Retiree Plan net OPEB liability with 1 percentage point decrease in health care cost trend rate (June 30, 2021 measurement date)	7,749,299	2,515,427	1,186,074	11,450,800
General Retiree Plan net OPEB liability with 1 percentage point increase in health care cost trend rate (June 30, 2021 measurement date)	10,992,557	3,568,190	1,682,473	16,243,220

As of and for the Year Ended June 30, 2022

Note 12 - Interfund Receivables, Payables, and Transfers

The City has developed a central service cost allocation plan using the guidance in federal circular A-87 to charge benefited funds a portion of the cost of providing services that benefit several funds. Services that are not billed on a per unit basis are funded by interfund transfers. Interfund transfers for the year ended June 30, 2022 were as follows:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 7,488,292
	Water Supply System	80,000
	Nonmajor enterprise funds	582,000
	Total General Fund	8,150,292
Major Streets Fund	Local Streets Fund	2,464,875
	Nonmajor governmental funds	9,218,073
	Total Major Streets Fund	11,682,948
Local Streets Fund	Major Streets Fund	76,330
General Capital Construction Fund	Nonmajor governmental funds	606,155
	Water Supply System	38,514
	Nonmajor enterprise funds	412,829
	Total General Capital Construction Fund	1,057,498
Nonmajor governmental funds	General Fund	2,442,282
	Major Streets Fund	355,889
	Nonmajor governmental funds	240,000
	Internal Service Funds	31,500
	Nonmajor enterprise funds	60,546
	Total nonmajor governmental funds	3,130,217
Water Supply System	Nonmajor governmental funds	23,557
Nonmajor enterprise funds	General Fund	140,000
	Nonmajor governmental funds	124,296
	Total Nonmajor enterprise funds	264,296
Internal Service Funds	Local Streets Fund	4,206
	Nonmajor governmental funds	2,692
	Total Internal Service Funds	6,898
	Total	<u>\$ 24,392,036</u>

Transfers from the General Fund to other funds represent the movement of unrestricted funds primarily for operations of the other funds. Transfers from the Major Streets Fund to the Local Streets and nonmajor governmental funds are for the purpose of various street projects. Transfers from nonmajor governmental funds to the General Fund are primarily for the purpose of the movement of code compliance and enforcement and refuse funds.

Note 13 - Tax Abatements

As of June 30, 2022, the City provided the following tax abatements in accordance with Statement No. 77, as required by the Governmental Accounting Standards Board:

- **Industrial Facilities Exemption**: The purpose of this program is to encourage investment in the renovation and expansion of aging facilities, building of new facilities, and establishment of high-tech facilities. The tax being abated is the real and/or personal property tax and is authorized under Public Act 198 of 1974, as amended, MCL 207.551 et seq., and City Commission Policy 900-09. To be eligible to receive the abatement, applicants must be a qualified business, generally defined as an industrial operator, or a high-technology company; be making an investment in a new or expanded facility and/or investment in new or rehabilitated taxable personal property; and be located in an Industrial Development District or a Plant Rehabilitation District. Taxes are reduced either by (1) the taxable value generated by the eligible investment at the qualifying property, which is placed on the Industrial Facilities Tax Roll, and the millages levied, which are 50 percent of ad valorem millage rates, except for that millage levied for the State Education Tax, which is not reduced (for new facilities), or (2) the taxable value of the replacement facility, which is set (frozen) at the taxable value of the qualifying property for the tax year immediately preceding the effective date of the exemption (for replacement facilities). The abated amount is determined either as (1) equal to the qualifying taxable value applied to the reduction in the total millage rate levied on the Industrial Facilities Tax roll (for new facilities) or (2) equal to the delta between the taxes levied on the taxable value in the year immediately preceding the effective date of the exemption and the taxes that would have been levied on the current taxable value in any given year (for replacement facilities). For fiscal year 2022, the City abated \$140,387 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **Obsolete Property Rehabilitation Exemption**: The purpose of this program is to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The tax being abated is the real property tax and is authorized by Public Act 146 of 2000, as amended, MCL 125.2781 et seq., and City Commission Policy 900-42. To be eligible to receive the abatement, the property must be functionally obsolete, as determined by the city assessor, as defined in the legislation. The project must be for a project that will have a commercial or commercial housing use. In addition, the City requires a minimum investment of \$30 per square foot in the rehabilitation of a building. The taxable value of the qualifying property is set at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. For fiscal year 2022, the City abated \$146,643 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.

Note 13 - Tax Abatements (Continued)

- **New Personal Property Exemption**: The purpose of this program is to encourage investment in new personal property as a component of a business expansion or attraction project. The tax being abated is the personal property tax and is authorized under Public Act 328 of 1998, as amended, MCL 211.9f, and the City Commission Policy 900-38. To be eligible to receive the abatement, the property must be an eligible business, which is a business primarily engaged in manufacturing, mining, research and development, wholesale trade, or office operations. The eligible personal property that is placed in service after the date of approval by the City Commission is exempt from all personal property taxes. For fiscal year 2022, the City abated \$201,468 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **Neighborhood Enterprise Zone Exemption**: The purpose of this program is to encourage investment in the construction or rehabilitation of multiple types of housing for both homeownership and rental. The tax being abated is the real property tax, and is authorized by Public Act 147 of 1992, as amended, MCL 207.771 et seq., and City Commission Policy 900-45. To be eligible to receive the abatement, the property must be located in a Neighborhood Enterprise Zone (NEZ), as established by the City Commission. A qualifying project involves the construction of new housing for either homeownership or rental. A rehabilitation project involves the rehabilitation of existing housing and requires a minimum investment in the rehabilitation. The new construction project must include rental apartments, contain retail space on the first floor, and be located in a Downtown Revitalization District. Taxes are reduced by either of the following methods: (1) the rate of taxation is equal to half of the average rate of taxation levied on commercial, industrial, and utility property in the state in the immediately preceding calendar year (for new facilities), or (2) the taxable value is set at that value established in the year immediately preceding the effective date of the NEZ exemption for a property (for rehabilitation facilities). The abated amount is determined either as (1) the taxable value of the qualifying property times the difference between the NEZ millage rate and the ad valorem millage rate (for new facilities) or (2) the difference between the taxes that would be levied on the current taxable value and the NEZ taxes levied on the value of the qualifying property in the year immediately preceding the effective date of the exemption certificate (for rehabilitation facilities). For fiscal year 2022, the City abated \$195,472 of taxes under this program. There are no provisions to recapture abated taxes.

Note 13 - Tax Abatements (Continued)

- **Brownfield Redevelopment Program**: The purpose of this program is to encourage investment in the revitalization, redevelopment, and reuse of certain properties considered contaminated, blighted, functionally obsolete, or historic resources. The tax being abated is the real and/or personal property tax and is authorized by Public Act 381 of 1996, as amended, MCL 125.2651 et seq. To be eligible to receive the abatement, the property must be included in a Brownfield Plan and qualify as either a facility/site, functionally obsolete, blighted, historic resource, transit-oriented property/development, or a targeted redevelopment area. The City of Grand Rapids, Michigan has designated the entire City as an eligible Brownfield District. The beneficiary's taxes are not reduced but are captured and reimbursed, thereby reducing the effective rate of taxation. Upon paying its taxes, a participant is eligible to be reimbursed, from a portion of its taxes paid by the Brownfield Redevelopment Authority for the documented costs of its eligible activities, thereby reducing the effective tax that is paid. The amount of taxes not collected by local taxing authorities is generally any amount of taxes in excess of those taxes paid in the year immediately preceding approval of a Brownfield Plan Amendment. For fiscal year 2022, the City abated \$1,977,556 of taxes under this program. Reimbursement is made pursuant to the terms and conditions of a Development and Reimbursement Agreement between the applicant and the Brownfield Redevelopment Authority. If taxes are captured and the terms and conditions of the Development and Reimbursement Agreement for the project are violated, the taxes may be returned to the taxing authorities that would otherwise have received the taxes. The types of commitments made by the City other than to reduce taxes, from time to time, are the City and/or the Brownfield Redevelopment Authority participating in a project by making investments in public infrastructure surrounding a project.
- **Renaissance Zones**: The purpose of this program is to encourage new job creation and investment in commercial or industrial property in areas formerly included in geographic-based renaissance zones. The tax being abated is real and/or personal property tax and income taxes and is authorized by Public Act 376 of 1996, as amended, MCL 125.2681 et seq., and City Commission Policy 900-48. To be eligible to receive the abatement, the property must be located in an existing geographic renaissance zone, and the applicant must be proposing to undertake a project at the property that involves private investments and creates jobs. The real and personal property taxes are abated for a period of up to 15 years. The abatement is 100 percent of these taxes, with a 3-year phase-in of taxes in 25 percent increments for the final three years of a zone designation. As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement, which amounted to \$119,950 for fiscal year 2022. Local income taxes are abated in the same manner. Property owners are still required to pay the taxes necessary for local school district bond obligations. There are no provisions to recapture abated taxes.

As of and for the Year Ended June 30, 2022

Note 13 - Tax Abatements (Continued)

- **Payment in Lieu of Taxes:** The purpose of this program is to encourage development of affordable housing projects by keeping expenses reasonable and rent affordable, thus reducing the risk to developers and investors and allowing initial capital to fund the project. The tax being abated is real property tax. The abatement is authorized by Public Act 346 of 1966, as amended, MCL S125.1415a et seq., and local ordinance (Article 5, Chapter 9 of the City Code). To be eligible to receive the abatement, a housing project must meet all of the following criteria: (1) projects that are financed with a federally-aided or state housing development authority-aided mortgage or with an advance or grant from such authority; (2) projects that serve lower-income families, the elderly, and/or the handicapped; and (3) projects that are owned by "consumer housing cooperatives," "qualified nonprofit housing corporations," and "limited dividend housing associations," as defined in Act No. 346 of the Public Acts of 1966, as amended. 100 percent of ad valorem property taxes on the qualified property are exempted; a service fee is assessed in lieu of the taxes, which is equal to 4 percent of annual shelter rent. Emergency shelters and transitional housing for the homeless are not assessed a service charge in lieu of property taxes. For fiscal year 2022, the City abated \$1,099,521 of taxes under this program. Ad valorem property taxes may be assessed if the property owner is not current with all taxes and assessments on the subject property and/or does not submit to the city assessor an audited financial statement for each calendar year.
- **Air and Water Pollution Control:** The purpose of this program is to encourage establishment of facilities whose sole purpose is to control and/or dispose of environment pollutants. The tax being abated is real and/or personal property tax and sales taxes. The abatement is authorized by Public Act 451 of 1994, as amended, MCL 324.5901 et seq. (Air Pollution), and MCL 324.3701 et seq. (Water Pollution). To be eligible to receive the abatement, facilities must be designed and operate primarily for the purpose of controlling and/or disposing of air pollutants and/or industrial waste from water. 100 percent of the property and sales taxes on the qualifying property are exempted. As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement, which amounted to \$10,175 for fiscal year 2022. There are no provisions to recapture abated taxes.

Note 14 - Deferred Compensation Plans

In 2011, the City created the City of Grand Rapids Defined Contribution (CGRDC) Plan for most newly hired full-time, nonuniformed employees. This retirement arrangement is mandatory for new employees under most labor contracts and replaces the formerly required participation in the City of Grand Rapids General Retirement System defined benefit pension plan described in Note 7. The plan is administered by the ICMA Retirement Corporation (ICMA-RC) in accordance with Section 401(a) of the Internal Revenue Code (IRC), a Trust Document with the Vantage Trust Company, and an Administrative Services Agreement approved by the City Commission. Participation in the CGRDC Plan begins six months after date of hire and requires an employee contribution of 6 percent of pay, with a 100 percent match by the employer. Contribution requirements are specified in labor agreements covering each employee group and may be changed during the collective bargaining process. Five-year cliff-vesting applies to the employer contributions. During the fiscal year ended June 30, 2022, employee contributions were \$2,245,183, and the employer contributions were \$2,245,183 to this plan. At June 30, 2022, the plan had 550 active and 144 terminated participants. The fair market value of plan assets was \$23,002,719.

As of and for the Year Ended June 30, 2022

Note 14 - Deferred Compensation Plans (Continued)

The City also maintains the Officer's Option Plan, a defined contribution contributory savings plan created in accordance with IRC Section 401(a) administered by ICMA-RC and offered to executive and appointed employees. The plan was established and may be amended by city ordinance. Participants of the 401(a) plan may not participate in the City's defined benefit pension plans. Participants are immediately vested in required employee contributions of 6 percent, optional contributions of 1 to 3 percent, and employer contributions of 12 percent of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. At June 30, 2022, there were 13 active and 20 terminated plan participants with a total fair market value of plan assets for both active and retired participants of approximately \$10,153,782. Contributions made by employees and the City totaled \$106,656 and \$124,361, respectively, for the fiscal year ended June 30, 2022.

The City offers its employees deferred compensation plans created in accordance with IRC Section 457. The plans, available to all city employees, permit the voluntary deferral of a portion of current salary until future years. The deferred compensation is not available to the employee until termination, retirement, death, or listed emergency. All amounts of compensation deferred under the plan; all property and rights purchased with such amounts; and all income attributable to such amounts, property, or rights are solely the property rights of each individual participant. At June 30, 2022, the total market value of plan assets was approximately \$97,185,971. Net of the effect of employee contributions, withdrawals, and earnings, the fair market value of plan assets decreased by \$20,618,664 for the year ended June 30, 2022. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent administrator.

All permanent, full-time employees who are not covered by one of the City's defined benefit retiree health care plans described in Note 10 are enrolled in an agent multiemployer defined contribution postemployment health care program administered by the Municipal Employees' Retirement System of Michigan. This program is defined in the Internal Revenue Code Section 115 as a Governmental Integral Part Trust. After 6 months of employment, biweekly deposits are made into each employee's individual account in amounts determined by labor agreements or personnel policies. Following a 24-month phase-in period after initial employment, an employee's mandatory biweekly contribution will be between \$38.46 and \$42.31, depending on labor agreement. The employee's contribution vests immediately. The employer's contribution steps up over the same time period until it reaches \$67.30 to \$76.93 biweekly, which will vest after an 8- or 10-year period, as specified in each labor agreement. Withdrawals from each employee's account are permitted at any time after separation from employment but only for medical expense reimbursement to the former employee or legal dependents. At June 30, 2022, 1031 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2022, regular contributions made by employees and the employer totaled \$939,715 and \$1,773,157, respectively. As the current participants in the defined benefit retiree health care plans described in Note 10 reach age 65, this defined contribution savings program will become the primary and, eventually, the City's only retiree health care plan.

Note 15 - Leases

The City leases certain assets from various third parties. The assets leased include parking spaces, equipment, and office buildings. Payments are generally fixed monthly.

Lease asset activity of the City is included in Note 5.

As of and for the Year Ended June 30, 2022

Note 15 - Leases (Continued)

Future principal and interest payment requirements related to the City's lease liability at June 30, 2022 are as follows:

Years Ending	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 24,580	\$ 286	\$ 577,828	\$ 18,233	\$ 60,393	\$ 803	\$ 682,123
2024	20,090	106	593,922	14,072	62,029	359	690,578
2025	3,818	5	599,471	9,797	15,651	19	628,761
2026	-	-	605,094	5,485	-	-	610,579
2027	-	-	45,245	1,136	-	-	46,381
2028-2032	-	-	250,743	2,886	-	-	253,629
2033-2037	-	-	18,084	15	-	-	18,099
Total	<u>\$ 48,488</u>	<u>\$ 397</u>	<u>\$ 2,690,387</u>	<u>\$ 51,624</u>	<u>\$ 138,073</u>	<u>\$ 1,181</u>	<u>\$ 2,930,150</u>

The City leases certain assets, of which are primarily cellular communication towers and office buildings, to various third parties. Payments are generally fixed monthly.

During the year ended June 30, 2022, the City recognized the following related to its lessor agreements:

	Governmental Activities	Business-type Activities
Lease revenue	\$ 34,323	\$ 487,114

Note 16 - Commitments, Contingencies, and Related Party Transactions

- Federal and State Grants - The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
- Remediation Sites - The City has reached remediation agreements with the appropriate regulatory bodies and continues to perform maintenance and monitoring activities. There are no current legal issues at this time.
- Litigation - In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the city attorney, adequate reserves have been established for the potential liability for all claims.
- Commitments - The cities of Grand Rapids and Wyoming, Michigan operate the Grand Valley Regional Biosolids Authority. Its facilities were constructed with initial financing in the amounts of \$16,430,000, at an interest rate of 1.625 percent, and \$17,675,000, at an interest rate of 2.5 percent, provided by the State of Michigan Water Pollution Control Revolving Fund. At June 30, 2022, the outstanding liability was \$13,570,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2022, the City's portion of the liability was 64.16 percent. For fiscal year 2023, it is budgeted at 59.41 percent.
- Conduit Debt - The City sometimes issues certain limited-obligation revenue bonds for the express purpose of providing capital financing for specific third parties. These debt issues are not an obligation of the City and, therefore, are not reported as such. The outstanding amount of conduit debt at June 30, 2022 was \$1,649,762,776.

As of and for the Year Ended June 30, 2022

**Note 16 - Commitments, Contingencies, and Related Party Transactions
(Continued)**

- **Miscellaneous Receivable** - The City entered into an agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The museum uses the museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50-year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures, or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the public museum. In accordance with the lease agreement, the City also retains a reversionary interest in the museum's inventory and petty cash, valued at \$37,104 and \$12,725, respectively, at June 30, 2022. In the event that museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.

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As of and for the Year Ended June 30, 2022

Note 17 - Fund Balance Constraints

The detail of the various components of governmental funds fund balance is as follows:

Nonspendable:	
Inventory	\$ 1,719,114
Prepays	972
Nonexpendable/Endowment	<u>3,136,428</u>
Total nonspendable	4,856,514
Restricted:	
General government - Michigan Indigent Defense Commission	2,958
Public safety - Law enforcement	1,709,756
Urban and community development	1,664,699
Culture and recreation:	
Library programs	430,104
Parks and recreation	2,960
Statue maintenance	107,646
Public works - Major and local street work	19,529,101
Authorized projects - Capital projects-bond proceeds	<u>6,522,780</u>
Total restricted	29,970,004
Committed:	
Authorized projects - Streets capital projects	4,773,915
General capital projects	22,498,640
Urban and community development:	
Third ward equity	2,000,000
Other	223,002
Other purposes:	
Budget stabilization	14,298,835
Perpetual care - Cemetery	<u>1,517,511</u>
Total committed	45,311,903
Assigned:	
Culture and recreation:	
Library programs	6,423,062
Parks and recreation	4,872,059
General special revenue	52,431
Urban and community development:	
Building inspections	6,258,165
Property management	203,649
Economic development	325,797
Public works:	
Refuse	4,622,030
Sidewalk repair	1,592,171
Vehicle storage	831,417
Ensuuing budget year	27,997
Compensated absences	13,221,008
Other purposes:	
Debt service	1,587,252
Authorized projects	549,028
Encumbrances - General Fund	<u>1,054,828</u>
Total assigned	41,620,894
Unassigned	<u>67,115,841</u>
Total fund balance	<u><u>\$ 188,875,156</u></u>

As of and for the Year Ended June 30, 2022

Note 18 - Risk Management

The City is predominantly self-insured (general liability, workers' compensation, and health). It is the City's policy to recognize the cost of self-insured claims at the time the liability is incurred in the enterprise funds and the Insurance Payment internal service fund, as applicable. Budgetary appropriations are made to the extent that current claims can be anticipated. Changes in the balances of claim liabilities are as follows:

	2022	2021
Unpaid claims - Beginning of year	\$ 4,519,098	\$ 5,894,620
Incurred claims - Net of changes in estimates	29,789,785	21,931,967
Claim payments	(28,345,272)	(23,307,489)
Unpaid claims - End of year	\$ 5,963,611	\$ 4,519,098

The extent of purchased insurance coverage (i.e., property, workers' compensation, and general liability stop-loss coverage) has not changed significantly from previous years. Settlements, if any, on losses covered by insurance have not exceeded insurance coverage for each of the past three fiscal years.

Note 19 - Subsequent Events

On August 29, 2022 and on September 20, 2022, the City of Grand Rapids, Michigan committed to the issuance of a maximum of \$6,525,000 and \$21,515,000 of Water Supply System Junior Lien Revenue Bonds, Series 2022A and 2022B, respectively. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Water Supply System. The interest rate on both series is 1.875 percent. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness through the state Drinking Water Infrastructure Grant program of \$1,957,500 on Series 2022A for a total principal owed of \$4,567,500. Possible principal forgiveness through the state Water Infrastructure Fund Transfer Act funds on Series 2022B is \$10,000,000 for a total principal owed of \$11,515,000. Principal payments for both commence October 2024.

Note 20 - Upcoming Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2022 but were extended to June 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

As of and for the Year Ended June 30, 2022

Note 20 - Upcoming Accounting Pronouncements (Continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

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Required Supplemental Information

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Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 15,528,874	\$ 15,528,874	\$ 15,642,930	\$ 114,056
Income taxes	72,948,197	72,948,197	102,010,850	29,062,653
Intergovernmental:				
Federal grants	42,691,436	35,516,987	13,807,431	(21,709,556)
State sources:				
State-shared taxes	19,346,882	19,346,882	24,564,154	5,217,272
State grants	1,174,141	1,174,141	1,264,460	90,319
Other grants and contributions	2,223,298	2,706,298	2,762,671	56,373
Charges for services	13,434,865	13,499,865	13,091,531	(408,334)
Fines and forfeitures	2,160,000	2,160,000	1,916,291	(243,709)
Licenses and permits	2,770,554	2,770,554	3,128,772	358,218
Investment earnings (losses)	720,244	720,244	(5,788,572)	(6,508,816)
Other revenue	129,035	275,906	447,041	171,135
Total revenue	173,127,526	166,647,948	172,847,559	6,199,611
Expenditures				
Current services:				
General government	42,118,278	37,027,484	33,403,526	3,623,958
Public safety	95,106,107	99,348,592	98,611,182	737,410
Public works	5,613,036	5,850,975	5,042,944	808,031
Urban and community development	6,601,480	8,607,459	5,826,606	2,780,853
Total expenditures	149,438,901	150,834,510	142,884,258	7,950,252
Excess of Revenue Over Expenditures	23,688,625	15,813,438	29,963,301	14,149,863
Other Financing Sources (Uses)				
Transfers in	2,124,518	2,274,518	2,582,282	307,764
Transfers out	(8,472,608)	(8,632,374)	(8,150,292)	482,082
Budgeted appropriation lapse	4,800,000	4,800,000	-	(4,800,000)
Sale of capital assets	-	-	80,875	80,875
Contingencies	(1,500,000)	(1,401,145)	-	1,401,145
Total other financing uses	(3,048,090)	(2,959,001)	(5,487,135)	(2,528,134)
Net Change in Fund Balance	20,640,535	12,854,437	24,476,166	11,621,729
Fund Balance - Beginning of year	73,878,574	73,878,574	73,878,574	-
Fund Balance - End of year	\$ 94,519,109	\$ 86,733,011	\$ 98,354,740	\$ 11,621,729

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Major Streets

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Income taxes	\$ 9,845,511	\$ 9,845,511	\$ 13,767,973	\$ 3,922,462
Intergovernmental:				
Federal grants	3,469,810	3,469,810	544,307	(2,925,503)
State-shared taxes	19,620,680	19,620,680	21,106,992	1,486,312
Other grants and contributions	-	-	25,000	25,000
Charges for services	2,246,246	2,246,246	2,826,026	579,780
Investment earnings (losses)	187,844	187,844	(599,521)	(787,365)
Other revenue	85,500	85,500	121,028	35,528
Total revenue	<u>35,455,591</u>	<u>35,455,591</u>	<u>37,791,805</u>	<u>2,336,214</u>
Expenditures				
Current services - Public works	14,404,704	14,345,264	13,080,842	1,264,422
Capital outlay	7,951,351	6,536,386	6,901,608	(365,222)
Debt service:				
Principal	2,240,000	2,240,000	2,240,000	-
Interest and fiscal charges	626,310	626,310	626,104	206
Total expenditures	<u>25,222,365</u>	<u>23,747,960</u>	<u>22,848,554</u>	<u>899,406</u>
Excess of Revenue Over Expenditures	10,233,226	11,707,631	14,943,251	3,235,620
Other Financing Sources (Uses)				
Transfers in	664,784	664,784	432,219	(232,565)
Transfers out	(9,085,277)	(12,068,074)	(11,682,948)	385,126
Budgeted appropriation lapse	435,161	435,161	-	(435,161)
Total other financing uses	<u>(7,985,332)</u>	<u>(10,968,129)</u>	<u>(11,250,729)</u>	<u>(282,600)</u>
Net Change in Fund Balance	2,247,894	739,502	3,692,522	2,953,020
Fund Balance - Beginning of year	13,717,566	13,717,566	13,717,566	-
Fund Balance - End of year	<u>\$ 15,965,460</u>	<u>\$ 14,457,068</u>	<u>\$ 17,410,088</u>	<u>\$ 2,953,020</u>

City of Grand Rapids, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Local Streets

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental - State-shared taxes	\$ 5,310,299	\$ 5,310,299	\$ 5,694,879	\$ 384,580
Charges for services	653,619	653,619	701,450	47,831
Investment earnings (losses)	4,714	4,714	(39,265)	(43,979)
Other revenue	20,000	20,000	8,515	(11,485)
Total revenue	5,988,632	5,988,632	6,365,579	376,947
Expenditures				
Current services - Public works	4,963,478	5,513,478	4,776,192	737,286
Capital outlay	1,068,205	3,318,205	2,957,717	360,488
Total expenditures	6,031,683	8,831,683	7,733,909	1,097,774
Excess of Expenditures Over Revenue	(43,051)	(2,843,051)	(1,368,330)	1,474,721
Other Financing Sources (Uses)				
Transfers in	1,450,000	3,700,000	2,469,081	(1,230,919)
Transfers out	(1,200,000)	(1,200,000)	(76,330)	1,123,670
Budgeted appropriation lapse	138,108	138,108	-	(138,108)
Sale of capital assets	-	-	8,438	8,438
Total other financing sources	388,108	2,638,108	2,401,189	(236,919)
Net Change in Fund Balance	345,057	(204,943)	1,032,859	1,237,802
Fund Balance - Beginning of year	2,264,784	2,264,784	2,264,784	-
Fund Balance - End of year	<u>\$ 2,609,841</u>	<u>\$ 2,059,841</u>	<u>\$ 3,297,643</u>	<u>\$ 1,237,802</u>

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Police and Fire Retirement System

	Last Eight Fiscal Years*							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 10,109,359	\$ 9,269,719	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069	\$ 7,794,219
Interest	40,340,298	38,670,466	37,279,003	35,724,491	34,356,315	32,676,161	29,375,231	28,440,421
Changes in benefit terms	-	-	-	-	-	114,084	-	-
Differences between expected and actual experience	7,963,985	2,397,342	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107	2,978,624
Changes in assumptions	17,216,930	16,339,734	-	-	5,497,995	1,551,086	35,683,769	-
Benefit payments, including refunds	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Net Change in Total Pension Liability	42,707,541	36,294,717	20,687,635	21,759,225	27,030,203	20,833,281	57,121,874	18,109,477
Total Pension Liability - Beginning of year	587,696,804	551,402,087	530,714,452	508,955,227	481,925,024	461,091,743	403,969,869	385,860,392
Total Pension Liability - End of year	\$ 630,404,345	\$ 587,696,804	\$ 551,402,087	\$ 530,714,452	\$ 508,955,227	\$ 481,925,024	\$ 461,091,743	\$ 403,969,869
Plan Fiduciary Net Position								
Contributions - Employer	\$ 11,660,533	\$ 10,716,480	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297	\$ 6,331,848
Contributions - Member	5,930,546	5,379,200	5,832,668	5,313,127	5,114,841	4,929,842	4,557,165	4,563,692
Net investment income (loss)	83,738,143	44,596,181	71,134,823	(24,672,147)	53,740,592	25,712,944	(9,083,712)	29,390,902
Administrative expenses	(550,780)	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)	(523,607)
Benefit payments, including refunds	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Other	(46,903)	(56,632)	(44,775)	(45,967)	(2)	-	-	(15,065)
Net Change in Plan Fiduciary Net Position	67,808,508	29,675,872	58,271,807	(37,990,353)	42,373,095	7,906,398	(31,559,916)	18,643,983
Plan Fiduciary Net Position - Beginning of year	475,503,361	445,827,489	387,555,682	425,546,035	383,172,940	375,266,542	406,826,458	388,182,475
Plan Fiduciary Net Position - End of year	\$ 543,311,869	\$ 475,503,361	\$ 445,827,489	\$ 387,555,682	\$ 425,546,035	\$ 383,172,940	\$ 375,266,542	\$ 406,826,458
City's Net Pension Liability (Asset) - Ending	\$ 87,092,476	\$ 112,193,443	\$ 105,574,598	\$ 143,158,770	\$ 83,409,192	\$ 98,752,084	\$ 85,825,201	\$ (2,856,589)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.18 %	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %	100.71 %
Covered Payroll	\$ 41,018,362	\$ 40,201,129	\$ 39,566,105	\$ 38,122,879	\$ 38,919,488	\$ 38,129,771	\$ 36,827,593	\$ 35,710,964
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	212.33 %	279.08 %	266.83 %	375.52 %	214.31 %	258.99 %	233.05 %	(8.00)%

*An additional year will be added to the schedule each year until 10 years are presented. Amounts presented for each fiscal year are determined based on a measurement date of December 31 of the prior year.

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
General Retirement System

Last Nine Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service cost	\$ 4,206,804	\$ 4,576,153	\$ 4,657,970	\$ 5,016,826	\$ 5,161,510	\$ 5,546,388	\$ 6,348,067	\$ 6,904,650	\$ 7,294,537
Interest	37,960,117	36,699,090	36,626,148	36,420,065	36,025,286	35,127,721	33,287,484	33,394,709	32,920,147
Changes in benefit terms	-	-	-	-	-	-	20,882	-	-
Differences between expected and actual experience	(1,383,882)	(945,207)	(2,877,132)	(2,335,969)	(971,718)	6,361,929	10,083,648	(7,420,169)	(6,012,166)
Changes in assumptions	-	12,565,643	7,963,218	5,213,623	(1,495,183)	-	29,733,502	-	-
Benefit payments, including refunds	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)	(27,152,432)
Net Change in Total Pension Liability	5,952,675	18,333,379	12,311,713	9,918,970	6,710,837	10,118,312	39,620,153	4,671,478	7,050,086
Total Pension Liability - Beginning of year	557,599,165	539,265,786	526,954,073	517,035,103	510,324,266	500,205,954	460,585,801	455,914,323	448,864,237
Total Pension Liability - End of year	\$ 563,551,840	\$ 557,599,165	\$ 539,265,786	\$ 526,954,073	\$ 517,035,103	\$ 510,324,266	\$ 500,205,954	\$ 460,585,801	\$ 455,914,323
Plan Fiduciary Net Position									
Contributions - Employer	\$ 11,284,613	\$ 11,325,243	\$ 12,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions - Member	2,523,078	2,595,588	2,677,960	2,832,479	3,012,472	3,428,169	3,473,382	3,737,014	3,933,341
Net investment income	107,922,370	5,494,862	21,371,497	29,177,311	38,296,115	289,104	11,478,680	65,337,996	44,058,818
Administrative expenses	(558,139)	(605,388)	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)	(523,086)	(476,059)
Benefit payments, including refunds	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)	(27,152,432)
Other	(45,847)	(54,466)	-	-	-	-	-	(21,741)	(15,873)
Net Change in Plan Fiduciary Net Position	86,295,711	(15,806,461)	2,315,141	7,731,107	18,979,043	(24,474,244)	(14,141,533)	49,093,503	28,483,638
Plan Fiduciary Net Position - Beginning of year	403,408,591	419,215,052	416,899,911	409,168,804	390,189,761	414,664,005	428,805,538	379,712,035	351,228,397
Plan Fiduciary Net Position - End of year	\$ 489,704,302	\$ 403,408,591	\$ 419,215,052	\$ 416,899,911	\$ 409,168,804	\$ 390,189,761	\$ 414,664,005	\$ 428,805,538	\$ 379,712,035
City's Net Pension Liability - Ending	\$ 73,847,538	\$ 154,190,574	\$ 120,050,734	\$ 110,054,162	\$ 107,866,299	\$ 120,134,505	\$ 85,541,949	\$ 31,780,263	\$ 76,202,288
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.90 %	72.35 %	77.74 %	79.12 %	79.14 %	76.46 %	82.90 %	93.10 %	83.29 %
Covered Payroll	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
City's Net Pension Liability as a Percentage of Covered Payroll	267.01 %	534.03 %	404.27 %	355.59 %	320.58 %	335.95 %	222.23 %	78.45 %	174.04 %

*An additional year will be added to the schedule each year until 10 years are presented. The 2021 column above represents the measurement date of June 30, 2021, which was used to determine the liability as of June 30, 2022.

Required Supplemental Information
 Schedule of Pension Contributions
 General Retirement System

Last Ten Fiscal Years*
 Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 12,568,944	\$ 11,284,613	\$ 10,325,243	\$ 9,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions in relation to the actuarially determined contribution	12,568,944	11,284,613	11,325,243	12,920,265	10,673,034	10,237,538	9,295,104	11,327,704	8,771,032	8,135,843
Contribution Excess	\$ -	\$ -	\$ 1,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 26,760,793	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
Contributions as a Percentage of Covered Payroll	46.97 %	40.80 %	39.22 %	43.51 %	34.48 %	30.43 %	25.99 %	29.43 %	21.65 %	18.58 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple periods (26-30 years as of June 30, 2020)
Asset valuation method	5-year smoothed market
Inflation	2.50 percent - No explicit price inflation assumption is used in this valuation
Salary increase	3.25 - 7.70 percent, including inflation
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the years 2010 through 2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 Mortality Improvement Scale as of December 31, 2015 (prior valuations used the 1983 Group Annuity Male and Female mortality tables with modifications)
Cost of living adjustments after retirement	Ad hoc "13th check" tied to plan investment returns for benefit recipients who do not have an automatic benefit increase. A 1.0 percent simple escalator beginning 4 to 6 years after retirement

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
General Retiree Health Care Plan

	Last Six Plan Fiscal Years*					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 462,915	\$ 660,142	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest	1,558,983	1,616,466	2,171,878	2,660,640	2,729,890	2,815,223
Differences between expected and actual experience	(4,272,314)	(2,142,892)	(12,678,006)	(6,625,742)	(685,529)	(72,851)
Changes in assumptions	385,336	657,341	1,000,494	(3,375,513)	-	-
Benefit payments, including refunds	(1,942,537)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Total OPEB Liability	(3,807,617)	(950,600)	(11,629,362)	(10,086,114)	(2,068,861)	(2,042,512)
Total OPEB Liability - Beginning of year	31,919,469	32,870,069	44,499,431	54,585,545	56,654,406	58,696,918
Total OPEB Liability - End of year	\$ 28,111,852	\$ 31,919,469	\$ 32,870,069	\$ 44,499,431	\$ 54,585,545	\$ 56,654,406
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,094,675	\$ 2,444,430	\$ 3,761,766	\$ 5,742,193	\$ 5,510,302	\$ 5,068,952
Federal grants	99,464	36,078	-	-	-	479,082
Net investment (loss) income	(2,084,025)	3,526,908	370,640	382,690	604,119	907,367
Administrative expenses	(198,400)	(172,387)	(182,840)	(161,545)	(177,180)	(172,119)
Benefit payments, including refunds	(1,942,538)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Plan Fiduciary Net Position	(2,030,824)	4,093,372	1,200,306	2,315,042	755,385	416,848
Plan Fiduciary Net Position - Beginning of year	18,194,888	14,101,516	12,901,210	10,586,168	9,830,783	9,413,935
Plan Fiduciary Net Position - End of year	\$ 16,164,064	\$ 18,194,888	\$ 14,101,516	\$ 12,901,210	\$ 10,586,168	\$ 9,830,783
Net OPEB Liability - Ending	\$ 11,947,788	\$ 13,724,581	\$ 18,768,553	\$ 31,598,221	\$ 43,999,377	\$ 46,823,623
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	57.50 %	57.00 %	42.90 %	28.99 %	19.39 %	17.35 %
Covered Payroll	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Net OPEB Liability as a Percentage of Covered Payroll	19.49 %	22.90 %	33.12 %	58.09 %	86.03 %	96.75 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplemental Information
 Schedule of OPEB Investment Returns - General Retiree Health Care Plan

	Last Six Fiscal Years*					
	Years Ended June 30					
	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	(11.71)%	25.41 %	2.34 %	2.93 %	5.73 %	10.33 %

*An additional year will be added each year until 10 years are presented.

Required Supplemental Information
 Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios
 Police Retiree Health Care Plan

	Last Six Plan Fiscal Years*					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 595,782	\$ 690,578	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest	2,257,792	2,216,149	2,813,960	3,201,058	3,188,792	3,056,154
Differences between expected and actual experience	(7,870,484)	(1,363,025)	(14,875,348)	(5,847,660)	(2,242,917)	246,949
Changes in assumptions	564,560	1,674,298	1,586,120	(3,931,708)	-	-
Benefit payments, including refunds	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Total OPEB Liability	(6,841,948)	931,658	(11,841,412)	(7,539,488)	505,971	2,442,321
Total OPEB Liability - Beginning of year	46,052,515	45,120,857	56,962,269	64,501,757	63,995,786	61,553,465
Total OPEB Liability - End of year	<u><u>\$ 39,210,567</u></u>	<u><u>\$ 46,052,515</u></u>	<u><u>\$ 45,120,857</u></u>	<u><u>\$ 56,962,269</u></u>	<u><u>\$ 64,501,757</u></u>	<u><u>\$ 63,995,786</u></u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,184,482	\$ 1,378,330	\$ 2,786,728	\$ 4,099,293	\$ 4,251,612	\$ 4,319,030
Federal grants	73,713	70,268	-	-	-	256,022
Net investment (loss) income	(5,348,951)	10,122,593	944,532	1,064,305	2,300,896	3,173,248
Administrative expenses	(236,617)	(199,014)	(173,855)	(142,446)	(143,142)	(123,462)
Benefit payments, including refunds	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Plan Fiduciary Net Position	(6,716,971)	9,085,835	1,386,590	2,821,081	4,482,760	5,173,753
Plan Fiduciary Net Position - Beginning of year	47,043,965	37,958,130	36,571,540	33,750,459	29,267,699	24,093,946
Plan Fiduciary Net Position - End of year	<u><u>\$ 40,326,994</u></u>	<u><u>\$ 47,043,965</u></u>	<u><u>\$ 37,958,130</u></u>	<u><u>\$ 36,571,540</u></u>	<u><u>\$ 33,750,459</u></u>	<u><u>\$ 29,267,699</u></u>
Net OPEB (Asset) Liability - Ending	<u><u>\$ (1,116,427)</u></u>	<u><u>\$ (991,450)</u></u>	<u><u>\$ 7,162,727</u></u>	<u><u>\$ 20,390,729</u></u>	<u><u>\$ 30,751,298</u></u>	<u><u>\$ 34,728,087</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	102.85 %	102.15 %	84.13 %	64.20 %	52.32 %	45.73 %
Covered Payroll	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(3.97)%	(3.69)%	27.85 %	79.74 %	124.44 %	142.50 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplemental Information
Schedule of OPEB Investment Returns - Police Retiree Health Care Plan

	Last Six Fiscal Years*					
	Years Ended June 30					
	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	(11.54)%	26.87 %	2.33 %	2.81 %	7.31 %	12.99 %

*An additional year will be added each year until 10 years are presented.

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Fire Retiree Health Care Plan

	Last Six Plan Fiscal Years*					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 767,927	\$ 784,961	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest	1,349,794	1,358,995	1,683,852	2,018,137	1,956,635	1,905,021
Differences between expected and actual experience	(3,601,760)	(1,830,266)	(7,774,257)	(4,759,934)	289,730	129,028
Changes in assumptions	328,772	1,407,146	916,082	(2,544,676)	-	-
Benefit payments, including refunds	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Total OPEB Liability	(3,247,128)	20,025	(6,904,097)	(6,355,151)	1,282,361	994,533
Total OPEB Liability - Beginning of year	27,657,846	27,637,821	34,541,918	40,897,069	39,614,708	38,620,175
Total OPEB Liability - End of year	\$ 24,410,718	\$ 27,657,846	\$ 27,637,821	\$ 34,541,918	\$ 40,897,069	\$ 39,614,708
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,346,555	\$ 1,421,902	\$ 2,106,558	\$ 2,945,869	\$ 2,999,906	\$ 3,143,699
Federal grants	167,426	29,313	-	-	-	187,749
Net investment (loss) income	(2,883,885)	5,323,922	487,782	586,976	1,327,855	1,864,124
Administrative expenses	(167,778)	(140,797)	(138,589)	(116,428)	(111,952)	(100,096)
Benefit payments - Net of retiree premiums	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Plan Fiduciary Net Position	(3,629,543)	4,933,529	(32,215)	1,242,252	1,959,013	2,773,899
Plan Fiduciary Net Position - Beginning of year	25,300,285	20,366,756	20,398,971	19,156,719	17,197,706	14,423,807
Plan Fiduciary Net Position - End of year	\$ 21,670,742	\$ 25,300,285	\$ 20,366,756	\$ 20,398,971	\$ 19,156,719	\$ 17,197,706
Net OPEB Liability - Ending	\$ 2,739,976	\$ 2,357,561	\$ 7,271,065	\$ 14,142,947	\$ 21,740,350	\$ 22,417,002
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	88.78 %	91.48 %	73.69 %	59.06 %	46.84 %	43.41 %
Covered Payroll	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Net OPEB Liability as a Percentage of Covered Payroll	14.06 %	12.86 %	43.82 %	86.85 %	138.66 %	145.47 %

*An additional year will be added each year until 10 years are presented. Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date 1 year later.

Required Supplemental Information
Schedule of OPEB Contributions - Fire Retiree Health Care Plan

Last Six Fiscal Years*
Years Ended June 30

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,309,321	\$ 1,250,219	\$ 2,033,496	\$ 2,863,499	\$ 2,907,020	\$ 3,036,781
Actual contribution	1,513,981	1,451,215	2,106,558	2,945,869	2,999,906	3,143,699
Contribution Excess	\$ 204,660	\$ 200,996	\$ 73,062	\$ 82,370	\$ 92,886	\$ 106,918
Covered Payroll	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Contributions as a Percentage of Covered Payroll	7.77 %	7.91 %	12.69 %	18.09 %	19.13 %	20.40 %

*An additional year will be added each year until 10 years are presented.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Market value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	7.70 percent gradually decreasing to 3.5 percent in year 10
Projected salary increase	4.00 - 20.00 percent, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019 Healthy Post-Retirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Disability Retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

Required Supplemental Information
Schedule of OPEB Investment Returns - Fire Retiree Health Care Plan

	Last Six Fiscal Years*					
	Years Ended June 30					
	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	(11.56)%	26.34 %	2.17 %	2.74 %	7.22 %	12.99 %

*An additional year will be added each year until 10 years are presented.

Pension Information

Changes in Assumptions

Police and Fire Retirement System: In 2021, the assumed rate of return was reduced from 7.00 percent to 6.75 percent. In 2020, the inflation rate was reduced from 2.5 percent to 2.25 percent, along with a reduction in the assumed rate of return from 7.15 percent to 7.00 percent and the adoption of a new mortality table. In 2018, the assumed rate of return was reduced to from 7.25 percent to 7.15 percent. In 2017, the future wage inflation assumption was reduced. In 2016, there was a reduction in the assumed rate of return from 7.50 percent to 7.25 percent, the adoption of a new mortality table, and updated demographic assumptions for retirement and withdrawal patterns.

General Retirement System: In 2021, the assumed rate of return was reduced from 7.00 percent to 6.75 percent. In 2020, the assumed rate of return was reduced from 7.15 percent to 7.00 percent. In 2019, the assumed rate of return was reduced from 7.25 percent to 7.15 percent. In 2018, the inflation rate assumption was reduced from 2.75 percent to 2.5 percent. In 2016, the assumed rate of return was reduced from 7.50 percent to 7.25 percent, a new mortality table was adopted, and demographic assumptions for retirement and withdrawal patterns were updated.

Significant Changes to the Plan

General Retirement System: In 2014, the plan was closed to all new entrants. Current members continue to accrue future benefits.

OPEB Information

Changes in Assumptions

General Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022.

Police Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022.

Fire Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022.

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Other Supplemental Information

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Budgetary Comparison Schedule, General Operating Fund Expenditures

June 30, 2022

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 3,772,097	\$ 3,987,960	\$ 3,892,555	\$ 95,405
Comptroller's Office	2,772,706	2,772,706	2,317,594	455,112
Fiscal Services	7,351,365	8,008,449	6,944,416	1,064,033
Clerk's Office	2,198,425	2,345,296	2,049,360	295,936
Technology and Change Management	-	-	-	-
Treasury	2,404,055	2,415,813	2,217,493	198,320
Attorney's Office	3,181,843	3,181,843	2,984,679	197,164
Human Resources	3,060,210	3,060,210	2,960,453	99,757
Administrative Support	1,386,267	1,386,267	1,256,420	129,847
Other general government	15,991,310	9,868,940	8,780,556	1,088,384
Total General Government	42,118,278	37,027,484	33,403,526	3,623,958
Public Safety:				
Police	61,496,904	61,610,624	61,431,345	179,279
Oversight and Public Accountability	405,781	855,781	612,098	243,683
Fire	33,203,422	36,882,187	36,567,739	314,448
Total Public Safety	95,106,107	99,348,592	98,611,182	737,410
Public Works				
Enterprise Services	5,613,036	5,850,975	5,042,944	808,031
Total Public Works	5,613,036	5,850,975	5,042,944	808,031
Urban Development:				
Community Development	4,136,897	4,334,676	3,501,596	833,080
Design, Development and Comm. Engagement	2,464,583	4,272,783	2,325,010	1,947,773
Total Urban Development	6,601,480	8,607,459	5,826,606	2,780,853
Non-departmental				
Budgeted appropriation lapse	(4,800,000)	(4,800,000)	-	(4,800,000)
Contingencies	1,500,000	1,401,145	-	1,401,145
Transfers to other funds	8,472,608	8,632,374	8,150,292	482,082
Total non-departmental	5,172,608	5,233,519	8,150,292	(2,916,773)
Total charges to appropriations	\$ 154,611,509	\$ 156,068,029	\$ 151,034,550	\$ 5,033,479

City of Grand Rapids, Michigan

	Special Revenue Funds									
	Library	Refuse Collection	Parks and Recreation	Transformation	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Assets										
Equity in pooled cash and investments	\$ 7,547,812	\$ 6,795,965	\$ 6,938,159	\$ -	\$ 3,040,230	\$ 159,918	\$ 878,390	\$ 238,222	\$ 6,583,427	\$ 229,277
Receivables:										
Receivables - Net	55,677	336,163	325,207	-	-	655	2,579	6,706	217,281	242
Due from other governments	-	-	-	-	2,385,270	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Lease receivable	60,242	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,663,731	\$ 7,132,128	\$ 7,263,366	\$ -	\$ 5,425,500	\$ 160,573	\$ 880,969	\$ 244,928	\$ 6,800,708	\$ 229,519
Liabilities										
Vouchers and accounts payable	\$ 154,119	\$ 579,827	\$ 1,686,986	\$ -	\$ 1,160,839	\$ 215	\$ 40,681	\$ 29,618	\$ 20,265	\$ 47,330
Unearned revenue	-	-	-	-	3,005,318	-	-	-	-	179,231
Customer deposits	-	1,217,651	2,306	-	6,000	-	-	-	-	-
Total liabilities	154,119	1,797,478	1,689,292	-	4,172,157	215	40,681	29,618	20,265	226,561
Deferred Inflows of Resources - Unavailable revenue										
	60,408	294,415	300,000	-	1,407,559	-	-	5,009	196,907	-
Total liabilities and deferred inflows of resources	214,527	2,091,893	1,989,292	-	5,579,716	215	40,681	34,627	217,172	226,561
Fund Balances (Deficit)										
Nonspendable:										
Inventory	-	-	-	-	-	-	-	-	-	-
Nonexpendable trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Grants	-	-	-	-	-	-	-	-	-	2,958
Public safety	-	-	-	-	-	160,358	-	-	-	-
Urban and community development	-	-	-	-	962,775	-	-	-	-	-
Culture and recreation	430,104	-	2,960	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Ensuing budget year	-	-	-	-	-	-	-	4,424	-	-
Culture and recreation	6,423,062	-	4,872,059	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	203,649	6,258,165	-
Public works	-	4,622,030	-	-	-	-	831,417	-	-	-
Compensated absences	581,768	418,205	399,055	-	-	-	8,871	2,228	325,371	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,116,991)	-	-	-	-	-
Total fund balances (deficit)	7,449,204	5,040,235	5,274,074	-	(154,216)	160,358	840,288	210,301	6,583,536	2,958
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 7,663,731	\$ 7,132,128	\$ 7,263,366	\$ -	\$ 5,425,500	\$ 160,573	\$ 880,969	\$ 244,928	\$ 6,800,708	\$ 229,519

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

Special Revenue Funds							Debt Service Fund	Capital Project Funds		Permanent Fund	
Sidewalk Repair	Community Dispatch	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Uptown Business Improvement District	Grand Rapids Building Authority	Vital Streets Capital Construction	Streets Capital Construction	Cemetery Perpetual Care	Total
\$ 2,075,536	\$ -	\$ 1,548,519	\$ 157,503	\$ 350,235	\$ 675,024	\$ 48,053	\$ 1,587,252	\$ 6,713,273	\$ 810,472	\$ 4,639,669	\$ 51,016,936
178,152	-	4,710	2,574	64,560	2,569	384	-	84,917	3,113	5,520	1,291,009
-	-	-	-	-	-	-	-	-	-	-	2,385,270
-	-	-	-	-	-	-	-	-	-	17,218	17,218
-	-	-	-	-	-	-	-	-	-	-	60,242
\$ 2,253,688	\$ -	\$ 1,553,229	\$ 160,077	\$ 414,795	\$ 677,593	\$ 48,437	\$ 1,587,252	\$ 6,798,190	\$ 813,585	\$ 4,662,407	\$ 54,770,675
\$ 592,121	\$ -	\$ 3,831	\$ -	\$ 656	\$ 17,086	\$ 7,020	\$ -	\$ 2,824,465	\$ -	\$ -	\$ 7,165,059
-	-	-	-	-	-	-	-	13,284	-	-	3,197,833
-	-	-	-	-	-	-	-	-	-	-	1,225,957
592,121	-	3,831	-	656	17,086	7,020	-	2,837,749	-	-	11,588,849
18,217	-	-	-	63,415	-	-	-	-	111	5,520	2,351,561
610,338	-	3,831	-	64,071	17,086	7,020	-	2,837,749	111	5,520	13,940,410
-	-	-	-	-	-	-	-	-	-	17,218	17,218
-	-	-	-	-	-	-	-	-	-	3,122,158	3,136,428
-	-	-	-	-	-	-	-	-	-	-	2,958
-	-	1,549,398	-	-	-	-	-	-	-	-	1,709,756
-	-	-	-	-	660,507	41,417	-	-	-	-	1,664,699
-	-	-	107,646	-	-	-	-	-	-	-	540,710
-	-	-	-	-	-	-	-	3,960,441	813,474	-	4,773,915
-	-	-	-	-	-	-	-	-	-	1,517,511	1,517,511
-	-	-	-	23,573	-	-	-	-	-	-	27,997
-	-	-	52,431	-	-	-	-	-	-	-	11,347,552
-	-	-	-	325,797	-	-	-	-	-	-	6,787,611
1,592,171	-	-	-	-	-	-	-	-	-	-	7,045,618
51,179	-	-	-	1,354	-	-	-	-	-	-	1,788,031
-	-	-	-	-	-	-	1,587,252	-	-	-	1,587,252
-	-	-	-	-	-	-	-	-	-	-	(1,116,991)
1,643,350	-	1,549,398	160,077	350,724	660,507	41,417	1,587,252	3,960,441	813,474	4,656,887	40,830,265
\$ 2,253,688	\$ -	\$ 1,553,229	\$ 160,077	\$ 414,795	\$ 677,593	\$ 48,437	\$ 1,587,252	\$ 6,798,190	\$ 813,585	\$ 4,662,407	\$ 54,770,675

City of Grand Rapids, Michigan

	Special Revenue Funds									
	Library	Refuse Collection	Parks and Recreation	Transformation	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Revenue										
Taxes:										
Property taxes	\$11,714,821	\$ 8,020,173	\$ 6,085,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Federal grants	-	-	-	-	11,332,707	-	-	-	-	-
State sources	394,209	117,796	69,159	-	-	19,715	-	-	-	596,830
Other grants and contributions	329,721	-	64,442	-	1,171,099	-	-	-	-	-
Charges for services	50,401	8,356,997	526,588	-	195,659	-	993,059	6,782	349,472	79,681
Fines and forfeitures	20,955	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	4,493,156	-
Investment (losses) earnings:										
Unrealized loss on investments	(901,375)	(745,960)	(474,779)	(3,558)	(499)	(13,193)	(39,498)	(40,174)	(438,621)	(6,062)
Interest income (loss)	200,184	181,755	100,323	980	-	2,884	8,402	6,790	84,459	1,078
Other revenue:										
Miscellaneous	35,879	69,108	190,615	-	(12,565)	-	-	195	16	-
Property sales	-	-	-	-	-	-	-	68,500	-	-
Total revenue	11,844,795	15,999,869	6,561,568	(2,578)	12,686,401	9,406	961,963	42,093	4,488,482	671,527
Expenditures										
Current services:										
General government	-	-	-	-	634,976	-	702,818	-	-	895,364
Public safety	-	-	-	-	1,358,124	54,285	-	-	-	-
Public works	-	15,325,760	-	-	897,299	-	16,896	-	-	-
Urban and community development	-	-	-	-	10,420,928	-	-	665,413	4,826,781	-
Recreation and culture	11,184,868	-	12,698,853	-	36,485	-	-	-	-	-
Capital outlay	543,689	68,558	223,006	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	31,579	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	10,605	-	-
Total expenditures	11,728,557	15,394,318	12,921,859	-	13,347,812	54,285	719,714	707,597	4,826,781	895,364
Excess of Revenue Over (Under) Expenditures	116,238	605,551	(6,360,291)	(2,578)	(661,411)	(44,879)	242,249	(665,504)	(338,299)	(223,837)
Other Financing Sources (Uses)										
Transfers in	-	-	6,834,957	-	565,799	-	-	160,000	75,697	88,087
Transfers out	-	(720,238)	(31,500)	(152,155)	(1,368,688)	-	(102,988)	-	(4,000)	-
Leases entered into	-	-	24,790	-	-	-	-	-	-	-
Sale of capital assets	8,339	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,339	(720,238)	6,828,247	(152,155)	(802,889)	-	(102,988)	160,000	71,697	88,087
Net Change in Fund Balances	124,577	(114,687)	467,956	(154,733)	(1,464,300)	(44,879)	139,261	(505,504)	(266,602)	(135,750)
Fund Balances - Beginning of year	7,324,627	5,154,922	4,806,118	154,733	1,310,084	205,237	701,027	715,805	6,850,138	138,708
Fund Balances (Deficit) - End of year	\$ 7,449,204	\$ 5,040,235	\$ 5,274,074	\$ -	\$ (154,216)	\$ 160,358	\$ 840,288	\$ 210,301	\$ 6,583,536	\$ 2,958

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended June 30, 2022

Special Revenue Funds							Debt Service Fund	Capital Project Funds		Permanent Fund	Total
Sidewalk Repair	Community Dispatch	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Uptown Business Improvement District	Grand Rapids Building Authority	Vital Streets Capital Construction	Streets Capital Construction	Cemetery Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,820,214
2,622,061	-	-	-	-	-	-	-	-	-	-	2,622,061
-	-	-	-	-	-	-	-	516,633	-	-	11,849,340
-	-	-	-	-	-	-	-	-	-	-	1,197,709
-	502	-	-	-	-	-	-	37,063	-	-	1,602,827
19,986	-	602,322	-	56,722	1,081,878	118,112	2,458,646	-	99	48,077	14,944,481
-	-	-	-	-	-	-	-	-	-	-	20,955
39,858	-	-	-	-	-	-	-	-	-	-	4,533,014
(90,527)	-	(83,266)	(11,424)	(24,535)	(58,896)	(7,371)	-	(60,757)	(59,772)	(72,715)	(3,132,982)
21,699	1,828	22,840	2,565	4,837	12,487	1,774	427	(744)	13,365	22,984	690,917
213	-	1,000	400	6,038	-	-	(30,891)	-	-	-	260,008
-	-	-	-	-	-	-	-	-	-	-	68,500
2,613,290	2,330	542,896	(8,459)	43,062	1,035,469	112,515	2,428,182	492,195	(46,308)	(1,654)	60,477,044
-	-	-	-	-	-	-	-	-	-	-	2,233,158
-	-	314,181	-	-	-	-	-	-	-	-	1,726,590
2,104,198	-	-	-	-	-	-	-	-	-	-	18,344,153
-	-	-	-	91,985	1,230,360	115,061	-	-	-	-	17,350,528
-	-	-	1,476	-	-	-	-	-	-	-	23,921,682
-	-	-	-	-	-	-	-	6,241,272	369,959	-	7,446,484
-	-	-	-	-	-	-	2,367,238	-	-	-	2,398,817
-	-	-	-	-	-	-	664,117	-	-	-	674,722
2,104,198	-	314,181	1,476	91,985	1,230,360	115,061	3,031,355	6,241,272	369,959	-	74,096,134
509,092	2,330	228,715	(9,935)	(48,923)	(194,891)	(2,546)	(603,173)	(5,749,077)	(416,267)	(1,654)	(13,619,090)
-	-	-	-	30,000	-	-	606,155	8,285,277	932,797	124,296	17,703,065
(64,784)	(334,150)	(63)	-	-	-	-	-	(291,105)	-	(60,546)	(3,130,217)
-	-	-	-	-	48,741	-	-	-	-	-	73,531
-	-	10,345	-	-	-	-	-	-	-	-	18,684
(64,784)	(334,150)	10,282	-	30,000	48,741	-	606,155	7,994,172	932,797	63,750	14,665,063
444,308	(331,820)	238,997	(9,935)	(18,923)	(146,150)	(2,546)	2,982	2,245,095	516,530	62,096	1,045,973
1,199,042	331,820	1,310,401	170,012	369,647	806,657	43,963	1,584,270	1,715,346	296,944	4,594,791	39,784,292
\$ 1,643,350	\$ -	\$ 1,549,398	\$ 160,077	\$ 350,724	\$ 660,507	\$ 41,417	\$ 1,587,252	\$ 3,960,441	\$ 813,474	\$ 4,656,887	\$ 40,830,265

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Other Supplemental Information
Budgetary Comparison Schedule
Nonmajor Governmental Funds-Special Revenue

June 30, 2022

	Budget (unaudited)				Actual				
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	Net Variance
Library	\$ 12,221,040	\$ 12,783,354	\$ 11,815	\$ (550,499)	\$ 11,844,795	\$ 11,728,557	\$ 8,339	\$ 124,577	\$ 675,076
Refuse	16,468,932	16,892,851	(370,238)	(794,157)	15,999,869	15,394,318	(720,238)	(114,687)	679,470
Parks and Recreation	6,862,617	15,554,957	6,906,058	(1,786,282)	6,561,568	12,921,859	6,828,247	467,956	2,254,238
Transformation	-	-	(150,000)	(150,000)	(2,578)	-	(152,155)	(154,733)	(4,733)
Grants	30,894,821	29,428,080	(672,202)	794,539	12,686,401	13,347,812	(802,889)	(1,464,300)	(2,258,839)
Michigan Justice Training	56,983	55,000	-	1,983	9,406	54,285	-	(44,879)	(46,862)
Vehicle Storage Facility	863,482	729,353	(130,592)	3,537	961,963	719,714	(102,988)	139,261	135,724
Property Management	161,606	778,813	160,000	(457,207)	42,093	707,597	160,000	(505,504)	(48,297)
Building Inspections	4,562,630	5,425,104	70,697	(791,777)	4,488,482	4,826,781	71,697	(266,602)	525,175
Michigan Indigent Defense Commission	1,538,640	1,762,288	228,273	4,625	671,527	895,364	88,087	(135,750)	(140,375)
Sidewalk Repair	2,137,941	2,383,965	(64,784)	(310,808)	2,613,290	2,104,198	(64,784)	444,308	755,116
Community Dispatch	-	-	-	-	2,330	-	(334,150)	(331,820)	(331,820)
Drug Law Enforcement	340,569	517,427	-	(176,858)	542,896	314,181	10,282	238,997	415,855
General Special Revenue	10,828	10,400	-	428	(8,459)	1,476	-	(9,935)	(10,363)
Economic Development	73,126	122,956	30,000	(19,830)	43,062	91,985	30,000	(18,923)	907
Downtown Improvement District	1,102,293	1,261,332	-	(159,039)	1,035,469	1,230,360	48,741	(146,150)	12,889
Uptown Business Improvement District	114,482	134,004	-	(19,522)	112,515	115,061	-	(2,546)	16,976
Total	\$ 77,409,990	\$ 87,839,884	\$ 6,019,027	\$ (4,410,867)	\$ 57,604,629	\$ 64,453,548	\$ 5,068,189	\$ (1,780,730)	\$ 2,630,137

Other Supplemental Information
Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2022

	Cemeteries Operating	Belknap Ice Arena	Parking System	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 3,114,380	\$ 950,372	\$ 20,621,138	\$ 24,685,890
Receivables - Net:				
Receivables - Net	117,460	71,358	404,894	593,712
Leases receivable	-	86,027	123,041	209,068
Inventory	5,467	-	-	5,467
Prepaid expenses and other assets	-	-	131,094	131,094
Total current assets	<u>3,237,307</u>	<u>1,107,757</u>	<u>21,280,167</u>	<u>25,625,231</u>
Noncurrent assets:				
Capital assets:				
Assets not subject to depreciation	5,255	-	6,821,450	6,826,705
Assets subject to depreciation - Net	2,258,336	670,176	39,446,568	42,375,080
Other assets	217,809	-	-	217,809
Lease receivable	-	-	2,335,181	2,335,181
Total noncurrent assets	<u>2,481,400</u>	<u>670,176</u>	<u>48,603,199</u>	<u>51,754,775</u>
Total assets	<u>5,718,707</u>	<u>1,777,933</u>	<u>69,883,366</u>	<u>77,380,006</u>
Deferred Outflows of Resources				
Deferred charges on bond refunding	-	-	1,058,593	1,058,593
Deferred outflows related to pensions	59,488	-	436,886	496,374
Deferred outflows related to OPEB	14,484	-	106,362	120,846
Total deferred outflows of resources	<u>73,972</u>	<u>-</u>	<u>1,601,841</u>	<u>1,675,813</u>
Liabilities				
Current liabilities:				
Vouchers and accounts payable	178,068	52,399	1,761,366	1,991,833
Accrued liabilities and other	-	-	162,039	162,039
Unearned revenue	9,158	-	28,450	37,608
Current portion of compensated absences	26,632	-	150,145	176,777
Current portion of bonds, contracts, and leases payable	-	-	2,302,828	2,302,828
Total current liabilities	<u>213,858</u>	<u>52,399</u>	<u>4,404,828</u>	<u>4,671,085</u>
Noncurrent liabilities:				
Compensated absences	34,363	-	193,727	228,090
Net pension liability	349,526	-	2,566,966	2,916,492
Net OPEB liability	58,058	-	426,348	484,406
Bonds, contracts, notes, and leases payable	-	-	23,322,587	23,322,587
Total noncurrent liabilities	<u>441,947</u>	<u>-</u>	<u>26,509,628</u>	<u>26,951,575</u>
Total liabilities	<u>655,805</u>	<u>52,399</u>	<u>30,914,456</u>	<u>31,622,660</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	229,252	-	1,683,651	1,912,903
Deferred inflows related to OPEB	85,612	-	628,685	714,297
Deferred inflows related to leases	-	85,917	2,385,609	2,471,526
Total deferred inflows of resources	<u>314,864</u>	<u>85,917</u>	<u>4,697,945</u>	<u>5,098,726</u>
Net Position				
Net investment in capital assets	2,263,591	670,176	21,701,196	24,634,963
Unrestricted	2,558,419	969,441	14,171,610	17,699,470
Total net position	<u>\$ 4,822,010</u>	<u>\$ 1,639,617</u>	<u>\$ 35,872,806</u>	<u>\$ 42,334,433</u>

City of Grand Rapids, Michigan

Other Supplemental Information

Combining Statement of Revenue, Expenses, and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended June 30, 2022

	Cemeteries Operating	Belknap Ice Arena	Parking System	Total Nonmajor Enterprise Funds
Operating Revenue				
Sales	\$ 540,675	\$ 37,598	\$ -	\$ 578,273
Charges for services	1,439,465	766,429	18,179,939	20,385,833
Miscellaneous	-	-	28,072	28,072
Total operating revenue	1,980,140	804,027	18,208,011	20,992,178
Operating Expenses				
Utilities	59,932	123,657	369,187	552,776
Supplies and materials	192,760	18,953	1,489,065	1,700,778
Personal services	748,927	220,586	3,490,176	4,459,689
Contractual services	447,340	109,593	5,258,028	5,814,961
Other services and charges	501,861	171,920	2,756,161	3,429,942
Depreciation and amortization	178,745	100,254	3,502,391	3,781,390
Total operating expenses	2,129,565	744,963	16,865,008	19,739,536
Operating (Loss) Income	(149,425)	59,064	1,343,003	1,252,642
Nonoperating Revenue (Expense)				
Interest income	40,893	12,498	383,668	437,059
Unrealized loss on investments	(160,030)	(52,735)	(1,300,392)	(1,513,157)
Interest expense	-	-	(684,068)	(684,068)
Loss on sale of assets	-	-	(210,941)	(210,941)
Operating grants	-	-	85,458	85,458
Other nonoperating general revenue	-	-	649,804	649,804
Total nonoperating expense	(119,137)	(40,237)	(1,076,471)	(1,235,845)
(Loss) Income - Before transfers	(268,562)	18,827	266,532	16,797
Transfers In	1,055,375	-	-	1,055,375
Transfers Out	(124,296)	-	(140,000)	(264,296)
Change in Net Position	662,517	18,827	126,532	807,876
Net Position - Beginning of year	4,159,493	1,620,790	35,746,274	41,526,557
Net Position - End of year	<u>\$ 4,822,010</u>	<u>\$ 1,639,617</u>	<u>\$ 35,872,806</u>	<u>\$ 42,334,433</u>

Other Supplemental Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2022

	Cemeteries Operating	Belknap Ice Arena	Parking System	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,921,007	\$ 723,289	\$ 17,791,886	\$ 20,436,182
Payments to suppliers	(1,123,035)	(467,095)	(9,229,058)	(10,819,188)
Payments to employees	(631,952)	(194,387)	(2,604,946)	(3,431,285)
Other receipts	-	-	649,804	649,804
Payments for payroll taxes and benefits	(205,123)	(26,199)	(1,459,408)	(1,690,730)
Net cash (used in) provided by operating activities	(39,103)	35,608	5,148,278	5,144,783
Cash Flows from Noncapital Financing Activities				
Operating grants and subsidies	-	-	85,458	85,458
Transfers from other funds	1,055,375	-	-	1,055,375
Transfers to other funds	(124,296)	-	(140,000)	(264,296)
Net cash provided by (used in) noncapital financing activities	931,079	-	(54,542)	876,537
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(14,534)	-	(313,121)	(327,655)
Principal and interest paid on capital debt	-	-	(3,022,505)	(3,022,505)
Lease receipts	-	85,808	87,009	172,817
Net cash (used in) provided by capital and related financing activities	(14,534)	85,808	(3,248,617)	(3,177,343)
Cash Flows Used in Investing Activities - Purchase of investments	(119,137)	(40,237)	(896,062)	(1,055,436)
Net Increase in Equity in Pooled Cash and Investments	758,305	81,179	949,057	1,788,541
Equity in Pooled Cash and Investments - Beginning of year	2,356,075	869,193	19,672,081	22,897,349
Equity in Pooled Cash and Investments - End of year	<u>\$ 3,114,380</u>	<u>\$ 950,372</u>	<u>\$ 20,621,138</u>	<u>\$ 24,685,890</u>
Classification of Equity in Pooled Cash and Investments - Equity in pooled cash and investments	<u>\$ 3,114,380</u>	<u>\$ 950,372</u>	<u>\$ 20,621,138</u>	<u>\$ 24,685,890</u>

**Other Supplemental Information
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds**

Year Ended June 30, 2022

	Cemeteries Operating	Belknap Ice Arena	Parking System	Total
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (149,425)	\$ 59,064	\$ 1,343,003	\$ 1,252,642
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	178,745	100,254	3,502,391	3,781,390
Miscellaenous cash received	-	-	649,804	649,804
Changes in assets and liabilities:				
Receivables	(59,133)	(80,738)	(195,042)	(334,913)
Inventories	3,548	-	-	3,548
Prepaid and other assets	-	-	(2,574)	(2,574)
Accounts payable	74,975	(42,972)	379,112	411,115
Net pension or OPEB liability	(431,990)	-	(3,143,669)	(3,575,659)
Deferrals related to pension or OPEB	358,539	-	2,629,112	2,987,651
Accrued and other liabilities	(14,362)	-	(13,859)	(28,221)
Total adjustments	110,322	(23,456)	3,805,275	3,892,141
Net cash (used in) provided by operating activites	<u>\$ (39,103)</u>	<u>\$ 35,608</u>	<u>\$ 5,148,278</u>	<u>\$ 5,144,783</u>

City of Grand Rapids, Michigan

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 6,115,712	\$ 21,297,379	\$ 10,547,962	\$ 34,834,902
Receivables - Net	25,020	68,931	108,068	270,369
Inventory	-	1,183,307	-	-
Restricted assets	-	-	-	5,192,779
Total current assets	6,140,732	22,549,617	10,656,030	40,298,050
Noncurrent assets - Capital assets:				
Assets not subject to depreciation	-	1,125,478	-	-
Assets subject to depreciation - Net	493,806	20,004,996	958,124	-
Total noncurrent assets	493,806	21,130,474	958,124	-
Total assets	6,634,538	43,680,091	11,614,154	40,298,050
Deferred Outflows of Resources				
Deferred charges on bond refunding	-	360	-	-
Deferred outflows related to pensions	53,923	339,450	162,946	96,562
Deferred outflows related to OPEB	13,124	82,621	39,703	23,516
Total deferred outflows of resources	67,047	422,431	202,649	120,078
Liabilities				
Current liabilities:				
Vouchers and accounts payable	249,814	644,495	329,537	1,924,834
Due to other governmental units	-	-	-	62,898
Accrued interest payable	-	130	-	-
Unearned revenue	-	-	107,987	15,619
Current portion of compensated absences	15,782	102,670	67,898	38,012
Current portion of claims payable	-	-	-	5,693,811
Current portion of bonds, contracts, and leases payable	-	5,237	-	-
Total current liabilities	265,596	752,532	505,422	7,735,174
Noncurrent liabilities - Net of current portion:				
Compensated absences	20,362	132,471	87,606	49,045
Claims payable	-	-	-	269,800
Net pension liability	316,831	1,994,470	957,408	567,361
Net OPEB liability	52,609	331,181	159,146	94,264
Bonds, contracts, notes, and leases payable	-	5,228	-	-
Total liabilities	655,398	3,215,882	1,709,582	8,715,644
Deferred Inflows of Resources				
Deferred inflows related to pensions	207,807	1,308,156	627,956	372,128
Deferred inflows related to OPEB	77,576	488,353	234,674	139,000
Total deferred inflows of resources	285,383	1,796,509	862,630	511,128
Net Position (Deficit)				
Net investment in capital assets	493,806	21,120,369	958,124	-
Unrestricted	5,266,998	17,969,762	8,286,467	31,191,356
Total net position (deficit)	<u>\$ 5,760,804</u>	<u>\$ 39,090,131</u>	<u>\$ 9,244,591</u>	<u>\$ 31,191,356</u>

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2022

Engineering Services	311 Program	Total Internal Service Funds
\$ 5,073,705	\$ 264,977	\$ 78,134,637
147,490	1,019	620,897
-	-	1,183,307
-	-	5,192,779
5,221,195	265,996	85,131,620
-	-	1,125,478
63,036	-	21,519,962
63,036	-	22,645,440
5,284,231	265,996	107,777,060
-	-	360
447,352	125,854	1,226,087
108,885	30,636	298,485
556,237	156,490	1,524,932
6,599	484	3,155,763
-	-	62,898
-	-	130
-	-	123,606
214,976	26,885	466,223
-	-	5,693,811
-	-	5,237
221,575	27,369	9,507,668
277,378	34,690	601,552
-	-	269,800
2,628,464	739,470	7,204,004
436,457	122,803	1,196,460
-	-	5,228
3,563,874	924,332	18,784,712
1,723,987	485,012	4,725,046
643,592	181,083	1,764,278
2,367,579	666,095	6,489,324
63,036	-	22,635,335
(154,021)	(1,167,941)	61,392,621
\$ (90,985)	\$ (1,167,941)	\$ 84,027,956

City of Grand Rapids, Michigan

Other Supplemental Information

Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2022

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Operating Revenue							
Sales	\$ -	\$ 32,884	\$ 930	\$ -	\$ -	\$ -	\$ 33,814
Charges for services	6,925,332	15,036,109	7,279,955	28,235,053	5,212,101	1,538,230	64,226,780
Miscellaneous	577	254,168	1,406	1,134,425	-	-	1,390,576
Total operating revenue	6,925,909	15,323,161	7,282,291	29,369,478	5,212,101	1,538,230	65,651,170
Operating Expenses							
Utilities	-	41,210	2,942,146	-	-	-	2,983,356
Supplies and materials	(361,066)	3,886,278	166,533	-	67,146	3,935	3,762,826
Personal services	430,913	2,620,084	777,092	690,137	3,163,847	764,009	8,446,082
Contractual services	2,534,280	47,196	59,225	1,412,295	58,137	30,339	4,141,472
Other services and charges	4,643,312	1,457,187	1,095,111	31,776,825	1,195,164	372,413	40,540,012
Depreciation and amortization	296,790	3,992,186	84,712	-	10,907	-	4,384,595
Total operating expenses	7,544,229	12,044,141	5,124,819	33,879,257	4,495,201	1,170,696	64,258,343
Operating (Loss) Income	(618,320)	3,279,020	2,157,472	(4,509,779)	716,900	367,534	1,392,827
Nonoperating Revenue (Expense)							
Interest income	110,800	279,496	160,309	494,174	69,956	4,818	1,119,553
Unrealized loss on investments	(498,993)	(1,220,421)	(656,644)	(2,191,401)	(300,060)	(18,287)	(4,885,806)
Interest expense	-	(505)	-	-	-	-	(505)
(Loss) gain on sale of assets	(10,399)	338,250	-	-	-	-	327,851
Operating grants	-	-	37,222	415,697	-	-	452,919
Other nonoperating general revenue	-	148,335	-	-	-	-	148,335
Total nonoperating expense	(398,592)	(454,845)	(459,113)	(1,281,530)	(230,104)	(13,469)	(2,837,653)
(Loss) Income - Before capital contributions	(1,016,912)	2,824,175	1,698,359	(5,791,309)	486,796	354,065	(1,444,826)
Capital Contributions	-	1,228,910	-	-	-	-	1,228,910
Transfers In	-	31,500	-	-	-	-	31,500
Transfers Out	-	(4,206)	-	-	(2,692)	-	(6,898)
Change in Net Position	(1,016,912)	4,080,379	1,698,359	(5,791,309)	484,104	354,065	(191,314)
Net Position (Deficit) - Beginning of year	6,777,716	35,009,752	7,546,232	36,982,665	(575,089)	(1,522,006)	84,219,270
Net Position (Deficit) - End of year	<u>\$ 5,760,804</u>	<u>\$ 39,090,131</u>	<u>\$ 9,244,591</u>	<u>\$ 31,191,356</u>	<u>\$ (90,985)</u>	<u>\$ (1,167,941)</u>	<u>\$ 84,027,956</u>

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2022

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers	\$ 6,925,909	\$ 15,321,088	\$ 7,441,651	\$ 28,247,816	\$ 5,128,280	\$ 1,538,230	\$ 64,602,974
Payments to suppliers	(5,927,327)	(5,726,597)	(4,152,023)	(27,684,946)	(1,386,010)	(406,665)	(45,283,568)
Payments to employees	(368,951)	(2,049,752)	(1,011,877)	(589,364)	(2,608,385)	(719,114)	(7,347,443)
Other payments	(918,626)	-	-	-	-	-	(918,626)
Payments for payroll taxes and benefits	(137,413)	(1,113,525)	(484,465)	(3,274,574)	(1,315,470)	(430,740)	(6,756,187)
Net cash (used in) provided by operating activities	(426,408)	6,431,214	1,793,286	(3,301,068)	(181,585)	(18,289)	4,297,150
Cash Flows from Noncapital Financing Activities							
Operating grants and subsidies	-	-	37,222	415,697	-	-	452,919
Transfers from other funds	-	31,500	-	-	-	-	31,500
Transfers to other funds	-	(4,206)	-	-	(2,692)	-	(6,898)
Net cash provided by (used in) noncapital financing activities	-	27,294	37,222	415,697	(2,692)	-	477,521
Cash Flows from Capital and Related Financing Activities							
Proceeds from sale of capital assets	-	576,705	-	-	-	-	576,705
Purchase of capital assets	(366,863)	(3,119,859)	(3,150)	-	-	-	(3,489,872)
Principal and interest paid on capital debt	-	(5,654)	-	-	-	-	(5,654)
Net cash used in capital and related financing activities	(366,863)	(2,548,808)	(3,150)	-	-	-	(2,918,821)
Cash Flows Used in Investing Activities - Purchase of investments	(386,544)	(939,252)	(500,382)	(1,678,342)	(230,331)	(13,772)	(3,748,623)
Net (Decrease) Increase in Equity in Pooled Cash and Investments	(1,179,815)	2,970,448	1,326,976	(4,563,713)	(414,608)	(32,061)	(1,892,773)
Equity in Pooled Cash and Investments - Beginning of year	7,295,527	18,326,931	9,220,986	44,591,394	5,488,313	297,038	85,220,189
Equity in Pooled Cash and Investments - End of year	<u>\$ 6,115,712</u>	<u>\$ 21,297,379</u>	<u>\$ 10,547,962</u>	<u>\$ 40,027,681</u>	<u>\$ 5,073,705</u>	<u>\$ 264,977</u>	<u>\$ 83,327,416</u>
Classification of Equity in Pooled Cash and Investments							
Equity in pooled cash and investments	\$ 6,115,712	\$ 21,297,379	\$ 10,547,962	\$ 34,834,902	\$ 5,073,705	\$ 264,977	\$ 78,134,637
Restricted cash	-	-	-	5,192,779	-	-	5,192,779
Total cash	<u>\$ 6,115,712</u>	<u>\$ 21,297,379</u>	<u>\$ 10,547,962</u>	<u>\$ 40,027,681</u>	<u>\$ 5,073,705</u>	<u>\$ 264,977</u>	<u>\$ 83,327,416</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities							
Operating (loss) income	\$ (618,320)	\$ 3,279,020	\$ 2,157,472	\$ (4,509,779)	\$ 716,900	\$ 367,534	\$ 1,392,827
Adjustments to reconcile operating (loss) income to net cash from operating activities:							
Depreciation	296,790	3,992,186	84,712	-	10,907	-	4,384,595
Changes in assets and liabilities:							
Receivables	-	(2,073)	159,360	11,072	(83,821)	-	84,538
Inventories	-	(211,766)	-	-	-	-	(211,766)
Accounts payable	(97,950)	(86,402)	78,542	1,380,053	(65,563)	22	1,208,702
Net pension or OPEB liability	(316,330)	(2,580,772)	(1,675,057)	(774,435)	(3,487,426)	(1,177,057)	(10,011,077)
Deferrals related to pension or OPEB	314,454	2,062,124	1,051,072	592,309	2,729,465	795,398	7,544,822
Accrued and other liabilities	(5,052)	(21,103)	(62,815)	(288)	(2,047)	(4,186)	(95,491)
Total adjustments	191,912	3,152,194	(364,186)	1,208,711	(898,485)	(385,823)	2,904,323
Net cash (used in) provided by operating activities	<u>\$ (426,408)</u>	<u>\$ 6,431,214</u>	<u>\$ 1,793,286</u>	<u>\$ (3,301,068)</u>	<u>\$ (181,585)</u>	<u>\$ (18,289)</u>	<u>\$ 4,297,150</u>
Significant Noncash Transactions - Contributions of capital assets	\$ -	\$ 1,228,910	\$ -	\$ -	\$ -	\$ -	\$ 1,228,910

Combining Statement of Net Position

Corridor Improvement Authorities - Component Units

June 30, 2022

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Assets:							
Equity in pooled cash and investments	\$ 455,859	\$ 69,040	\$ 168,267	\$ 223,350	\$ 305,203	\$ 117,220	\$1,338,939
Receivables, net	2,038	283	931	958	1,056	392	\$ 5,658
Total assets	<u>\$ 457,897</u>	<u>\$ 69,323</u>	<u>\$ 169,198</u>	<u>\$ 224,308</u>	<u>\$ 306,259</u>	<u>\$ 117,612</u>	<u>\$1,344,597</u>
Liabilities							
Vouchers payable and accruals	\$ 81,637	\$ 3,045	\$ 23,881	\$ 5,386	\$ 1,965	\$ -	\$ 115,914
Net position							
Restricted - Urban and community development	376,260	66,278	145,317	218,922	304,294	117,612	\$1,228,683
Total liabilities and net position	<u>\$ 457,897</u>	<u>\$ 69,323</u>	<u>\$ 169,198</u>	<u>\$ 224,308</u>	<u>\$ 306,259</u>	<u>\$ 117,612</u>	<u>\$1,344,597</u>

Combining Statement of Activities

Corridor Improvement Authorities - Component Units

Year Ended June 30, 2022

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Revenues:							
Property taxes	\$ 275,485	\$ 38,422	\$ 260,601	\$ 100,381	\$ 189,630	\$ 132,909	\$ 997,428
Other grants and contributions	-	9,696	-	-	-	-	9,696
Interest income	9,292	1,369	4,299	4,230	5,277	1,753	26,220
Unrealized loss on investments	(39,477)	(5,002)	(17,729)	(19,435)	(17,553)	(7,608)	(106,804)
Total revenues	<u>245,300</u>	<u>44,485</u>	<u>247,171</u>	<u>85,176</u>	<u>177,354</u>	<u>127,054</u>	<u>926,540</u>
Expenses:							
Urban and community development	<u>376,334</u>	<u>31,128</u>	<u>259,218</u>	<u>134,687</u>	<u>33,201</u>	<u>70,510</u>	<u>905,078</u>
Change in net position	(131,034)	13,357	(12,047)	(49,511)	144,153	56,544	21,462
Net Position - beginning	<u>507,294</u>	<u>52,921</u>	<u>157,364</u>	<u>268,433</u>	<u>160,141</u>	<u>61,068</u>	<u>1,207,221</u>
Net Position - ending	<u>\$ 376,260</u>	<u>\$ 66,278</u>	<u>\$ 145,317</u>	<u>\$ 218,922</u>	<u>\$ 304,294</u>	<u>\$ 117,612</u>	<u>\$1,228,683</u>

Other Supplemental Information
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

June 30, 2022

	Pension Trust Funds		Retiree Health Care Trust Funds			Total Pension and Other Employee Benefit Trust Funds
	Police and Fire	General	General	Police	Fire	
Assets						
Equity in pooled cash and investments	\$ -	\$ -	\$ 728,076	\$ 55,790	\$ -	\$ 783,866
Investments held by trustee:						
Cash and money market funds	8,485,048	7,567,235	340,966	930,933	491,752	17,815,934
U.S. government securities	59,913,969	52,009,424	-	-	-	111,923,393
Other	62,991,584	62,245,416	-	-	-	125,237,000
State and municipal bonds	292,264	259,850	-	-	-	552,114
Corporate bonds and fixed-income commingled funds	84,219,048	68,478,066	7,604,046	19,568,895	10,648,889	190,518,944
Common stocks and equity mutual funds	263,766,596	196,653,655	7,683,834	19,935,943	10,789,722	498,829,750
Asset-backed securities	6,067,339	5,182,483	-	-	-	11,249,822
Real estate securities	29,424,653	20,587,001	-	-	-	50,011,654
Commodities	26,508,365	24,077,085	-	-	-	50,585,450
Collateral held by broker under securities lending - Short-term fixed income	40,310,201	35,085,747	-	-	-	75,395,948
Receivables:						
Investment securities sold and other	3,396,933	1,470,484	-	-	-	4,867,417
Accrued interest receivable	488,377	482,590	5,067	4,675	2,803	983,512
Total assets	585,864,377	474,099,036	16,361,989	40,496,236	21,933,166	1,138,754,804
Liabilities						
Vouchers and accounts payable	2,242,307	356,188	197,925	169,242	262,424	3,228,086
Investment securities purchased	-	1,775,488	-	-	-	1,775,488
Obligations under securities lending agreements	40,310,201	35,085,747	-	-	-	75,395,948
Total liabilities	42,552,508	37,217,423	197,925	169,242	262,424	80,399,522
Net Position						
Restricted:						
Pension	543,311,869	436,881,613	-	-	-	980,193,482
Postemployment benefits other than pension	-	-	16,164,064	40,326,994	21,670,742	78,161,800
Total net position	\$ 543,311,869	\$ 436,881,613	\$ 16,164,064	\$ 40,326,994	\$ 21,670,742	\$ 1,058,355,282

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2022

	Pension Trust Funds		Retiree Health Care Trust Funds			Total Pension and Other Employee Benefit Trust Funds
	Police and Fire	General	General	Police	Fire	
Additions						
Investment income (loss):						
Interest and dividends	\$ 5,087,561	\$ 5,078,304	\$ 16,126	\$ 655	\$ 1,172	\$ 10,183,818
Net increase (decrease) in fair value of investments	79,679,230	(31,620,270)	(2,100,151)	(5,349,606)	(2,885,057)	37,724,146
Investment costs	(1,162,748)	(1,070,791)	-	-	-	(2,233,539)
Net investment income (loss)	83,604,043	(27,612,757)	(2,084,025)	(5,348,951)	(2,883,885)	45,674,425
Securities lending income	87,197	88,808	-	-	-	176,005
Contributions:						
Employer contributions	11,660,533	12,568,944	2,094,675	1,184,482	1,346,555	28,855,189
Plan member contributions	5,930,546	2,373,612	-	-	-	8,304,158
Total contributions	17,591,079	14,942,556	2,094,675	1,184,482	1,346,555	37,159,347
Federal grants	-	-	99,464	73,713	167,426	340,603
Total additions	101,282,319	(12,581,393)	110,114	(4,090,756)	(1,369,904)	83,350,380
Deductions						
Benefit payments	32,923,031	39,648,835	1,942,538	2,389,598	2,091,861	78,995,863
Administrative expenses	550,780	592,461	198,400	236,617	167,778	1,746,036
Total deductions	33,473,811	40,241,296	2,140,938	2,626,215	2,259,639	80,741,899
Net Increase (Decrease) in Fiduciary Net Position	67,808,508	(52,822,689)	(2,030,824)	(6,716,971)	(3,629,543)	2,608,481
Net Position - Beginning of year	475,503,361	489,704,302	18,194,888	47,043,965	25,300,285	1,055,746,801
Net Position - End of year	\$ 543,311,869	\$ 436,881,613	\$ 16,164,064	\$ 40,326,994	\$ 21,670,742	\$ 1,058,355,282

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2022

Function and Activity	Land	Easements/ Right of way	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office		Construction in Progress	Totals
							Furniture and Equipment	Infrastructures		
General government:	\$ 3,079,618	\$ -	\$ 966,349	\$ 52,061,613	\$ 13,290,413	\$ 10,950	\$ -	\$ -	\$ 44,439	\$ 69,453,382
Public safety:										
Police	1,455,461	-	-	23,582,010	2,397,536	903,803	54,195	-	13,174	28,406,179
Fire	1,327,045	-	13,150	6,475,854	1,765,373	12,975,670	29,741	-	685,228	23,272,061
Total public safety	2,782,506	-	13,150	30,057,864	4,162,909	13,879,473	83,936	-	698,402	51,678,240
Public works:										
Public works	3,783,571	1,586,218	17,347,364	624,539	1,288,648	-	-	543,658,957	32,314,767	600,604,064
Street lighting	-	48	-	450,372	52,821	-	-	22,083,494	5,822,987	28,409,722
Traffic safety	-	4,299	16,965	3,132,054	623,629	-	66,669	8,356,113	-	12,199,729
Total public works	3,783,571	1,590,565	17,364,329	4,206,965	1,965,098	-	66,669	574,098,564	38,137,754	641,213,515
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,287,108	1,026,658	248,081	2,018,539	-	121,302	43,058,703
Museum	2,736,700	-	104,131	42,691,644	195,768	-	530,787	-	-	46,259,030
Parks	12,388,639	39,922	48,214,062	13,184,383	1,371,533	87,290	-	-	5,455,360	80,741,189
Art museum	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	17,409,357	39,922	48,391,190	93,163,135	2,593,959	335,371	2,549,326	-	5,576,662	170,058,922
Urban and community development:										
Community and economic development	-	-	-	-	-	30,713	-	-	-	30,713
Total urban and community development	-	-	-	-	-	30,713	-	-	-	30,713
Total governmental funds capital assets	\$ 27,055,052	\$ 1,630,487	\$ 66,735,018	\$ 179,489,577	\$ 22,012,379	\$ 14,256,507	\$ 2,699,931	\$ 574,098,564	\$ 44,457,257	\$ 932,434,772

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity
Year Ended June 30, 2022

Function and Activity	June 30, 2021	Reclassification	Additions	Deletions	June 30, 2022
General government	\$ 69,611,305	\$ -	\$ 55,993	\$ 213,917	\$ 69,453,381
Public safety:					
Police	35,057,150	-	206,727	6,857,698	28,406,179
Fire	26,168,389	-	321,925	3,218,254	23,272,060
Total public safety	61,225,539	-	528,652	10,075,952	51,678,239
Public works:					
Public works	588,814,699	-	11,960,170	170,805	600,604,064
Street lighting	23,417,687	-	4,992,035	1,714,800	26,694,922
Traffic safety	13,914,459	-	70	-	13,914,529
Total public works	626,146,845	-	16,952,275	1,885,605	641,213,515
Culture and recreation:					
Libraries	42,748,489	-	335,438	25,224	43,058,703
Museum	46,259,030	-	-	-	46,259,030
Parks	76,021,318	-	4,797,099	77,228	80,741,189
Total culture and recreation	165,028,837	-	5,132,537	102,452	170,058,922
Urban and community development:					
Community and economic development	30,713	-	-	-	30,713
Neighborhood business improvements	-	-	-	-	-
Total urban and community development	30,713	-	-	-	30,713
Total governmental funds capital assets	\$ 922,043,239	\$ -	\$ 22,669,457	\$ 12,277,926	\$ 932,434,770

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as *governmental activities* in the statement of net position.

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Statistical Section

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 supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

These schedules contain information to help the reader assess two locally levied taxes, the property tax collected by the City Treasurer which is the largest locally levied tax and the income tax collected by the City's Income Tax Department which is the city's most significant revenue source.

Debt capacity

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

Demographics and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

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

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

Net Position by Component (Unaudited)

Last Ten Fiscal Years
June 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities:										
Net investment in capital assets	\$ 252,300,951	\$ 250,757,965	\$ 228,176,623	\$ 202,004,329	\$ 178,448,878	\$ 201,008,554	\$ 211,201,069	\$ 229,721,640	\$ 257,859,021	\$ 254,278,896
Restricted	14,052,452	15,868,799	16,462,828	28,568,423	31,118,311	25,235,721	35,893,928	32,130,138	24,647,736	29,285,971
Unrestricted	<u>90,636,718</u>	<u>99,685,291</u>	<u>83,771,482</u>	<u>69,438,666</u>	<u>51,058,700</u>	<u>(53,962,764)</u>	<u>(73,562,866)</u>	<u>(81,583,684)</u>	<u>(77,340,309)</u>	<u>(23,153,754)</u>
Total net position	<u>\$ 356,990,121</u>	<u>\$ 366,312,055</u>	<u>\$ 328,410,933</u>	<u>\$ 300,011,418</u>	<u>\$ 260,625,889</u>	<u>\$ 172,281,511</u>	<u>\$ 173,532,131</u>	<u>\$ 180,268,094</u>	<u>\$ 205,166,448</u>	<u>\$ 260,411,113</u>
Business-type Activities:										
Net investment in capital assets	\$ 351,473,228	\$ 358,944,390	\$ 374,185,834	\$ 392,979,402	\$ 400,784,184	\$ 417,402,970	\$ 426,225,161	\$ 441,758,325	\$ 440,122,469	\$ 460,567,972
Restricted	30,948,240	35,885,669	33,589,225	32,359,186	33,335,807	32,078,561	37,902,922	36,073,946	37,775,435	33,752,511
Unrestricted	<u>84,695,659</u>	<u>84,352,379</u>	<u>76,022,631</u>	<u>80,686,568</u>	<u>89,651,460</u>	<u>96,236,519</u>	<u>99,265,616</u>	<u>102,529,284</u>	<u>115,595,990</u>	<u>112,027,789</u>
Total net position	<u>\$ 467,117,127</u>	<u>\$ 479,182,438</u>	<u>\$ 483,797,690</u>	<u>\$ 506,025,156</u>	<u>\$ 523,771,451</u>	<u>\$ 545,718,050</u>	<u>\$ 563,393,699</u>	<u>\$ 580,361,555</u>	<u>\$ 593,493,894</u>	<u>\$ 606,348,272</u>
Primary government in total:										
Net investment in capital assets	\$ 603,774,179	\$ 609,702,355	\$ 602,362,457	\$ 594,983,731	\$ 579,233,062	\$ 618,411,524	\$ 637,426,230	\$ 671,479,965	\$ 697,981,490	\$ 714,846,868
Restricted	45,000,692	51,754,468	50,052,053	60,927,609	64,454,118	57,314,282	73,796,850	68,204,084	62,423,171	63,038,482
Unrestricted	<u>175,332,377</u>	<u>184,037,670</u>	<u>159,794,113</u>	<u>150,125,234</u>	<u>140,710,160</u>	<u>42,273,755</u>	<u>25,702,750</u>	<u>20,945,600</u>	<u>38,255,681</u>	<u>88,874,035</u>
Total net position	<u>\$ 824,107,248</u>	<u>\$ 845,494,493</u>	<u>\$ 812,208,623</u>	<u>\$ 806,036,574</u>	<u>\$ 784,397,340</u>	<u>\$ 717,999,561</u>	<u>\$ 736,925,830</u>	<u>\$ 760,629,649</u>	<u>\$ 798,660,342</u>	<u>\$ 866,759,385</u>

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government	\$ 25,763,302	\$ 24,317,558	\$ 27,158,278	\$ 31,370,052	\$ 32,918,016	\$ 36,888,060	\$ 35,996,997	\$ 40,282,684	\$ 39,126,873	\$ 37,635,497
Public safety	83,883,605	79,901,439	76,336,144	101,714,766	111,566,878	109,576,349	121,743,341	106,538,215	97,300,350	90,373,298
Public works	50,403,933	48,477,155	63,819,694	72,032,052	73,773,068	65,283,661	56,037,610	61,821,864	60,070,801	57,265,534
Culture and Recreation	18,560,598	17,453,598	19,718,462	17,714,262	18,038,363	14,263,996	22,132,872	19,476,730	25,427,655	23,410,355
Urban & Community Development	20,544,534	16,321,393	14,719,552	17,361,430	19,611,904	21,061,730	20,378,186	21,167,228	23,972,817	22,386,293
Interest on long-term debt	4,338,102	4,058,044	3,936,941	3,892,373	4,600,305	4,166,106	3,650,427	1,440,151	2,295,664	2,392,755
Total governmental activities expenses	\$ 203,494,074	\$ 190,529,187	\$ 205,689,071	\$ 244,084,935	\$ 260,508,534	\$ 251,239,902	\$ 259,939,433	\$ 250,726,872	\$ 248,194,160	\$ 233,463,732
Business-type activities:										
Water Supply System	36,459,316	37,285,497	33,302,278	36,197,215	39,206,129	35,258,241	43,032,854	43,039,468	44,905,277	44,569,577
Sewage Disposal System	48,008,068	46,561,350	45,184,106	47,691,862	50,334,631	48,601,656	55,587,737	59,197,195	63,941,043	61,507,678
Auto Parking System	11,262,622	11,798,952	11,594,252	14,249,852	15,902,942	16,949,252	22,154,543	19,019,579	20,070,059	-
Other Enterprises	1,990,459	2,300,183	2,411,202	1,950,213	2,513,612	2,162,706	2,675,817	2,895,949	2,481,452	20,615,392
Total business-type activities expenses	97,720,465	97,945,982	92,491,838	100,089,142	107,957,314	102,971,855	123,450,951	124,152,191	131,397,831	126,692,647
Total primary government expenses	\$ 301,214,539	\$ 288,475,169	\$ 298,180,909	\$ 344,174,077	\$ 368,465,848	\$ 354,211,757	\$ 383,390,384	\$ 374,879,063	\$ 379,591,991	\$ 360,156,379
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 8,840,382	\$ 9,087,640	\$ 8,920,866	\$ 8,828,209	\$ 9,099,565	\$ 8,562,555	\$ 14,488,163	\$ 10,143,095	\$ 10,657,737	\$ 11,462,872
Public safety	2,432,020	2,508,324	2,151,757	1,752,816	1,764,425	2,758,010	2,416,008	2,006,107	1,500,363	2,903,802
Public works	10,176,136	11,345,612	11,231,351	11,708,111	11,372,907	12,088,820	13,621,327	14,239,342	16,382,361	14,156,378
Culture and recreation	1,198,277	782,280	807,855	765,030	882,614	1,203,052	1,105,798	750,288	412,030	597,944
Urban & community development	8,282,923	8,923,877	8,785,932	10,836,002	9,961,856	10,243,176	12,270,634	11,040,627	9,790,125	11,462,240
Total Charges for services:	30,929,738	32,647,733	31,897,761	33,890,168	33,081,367	34,855,613	43,901,930	38,179,459	38,742,616	40,583,236
Operating grants and contributions:	20,176,947	15,059,686	15,145,783	15,432,226	13,056,796	36,120,086	39,313,771	37,619,348	58,468,438	60,795,884
Capital grants and contributions	1,307,488	1,091,417	1,778,543	1,376,082	992,780	4,717,120	3,520,635	2,171,218	1,250,844	2,074,808
Total governmental activities program revenues	52,414,173	48,798,836	48,822,087	50,698,476	47,130,943	75,692,819	86,736,336	77,970,025	98,461,898	103,453,928
Business-type activities:										
Charges for services:										
Water Supply System	44,228,303	40,548,424	40,014,365	41,968,413	43,536,557	45,852,294	46,044,222	48,756,354	51,237,955	50,986,717
Sewage Disposal System	49,251,979	49,732,439	51,991,509	54,119,246	54,751,997	55,657,384	57,505,735	60,065,463	60,694,116	67,532,053
Auto Parking System	13,504,506	14,402,322	15,712,638	15,361,175	20,120,530	20,307,490	20,458,374	16,096,227	11,676,256	-
Other Enterprise	1,985,327	2,057,821	2,090,739	1,940,424	1,939,830	2,100,249	2,102,458	2,042,445	2,416,540	20,992,178
Total Charges for services:	108,970,115	106,741,006	109,809,251	113,389,258	120,348,914	123,917,417	126,110,789	126,960,489	126,024,867	139,510,948
Operating grants and contributions:	631,163	603,191	630,374	623,218	653,864	629,035	631,994	616,323	684,887	1,372,361
Capital grants and contributions:	3,265,749	3,347,880	4,593,227	6,216,877	5,274,555	7,236,180	5,156,169	5,244,502	15,310,402	3,003,774
Total business-type activities program revenues	112,867,027	110,692,077	115,032,852	120,229,353	126,277,333	131,782,632	131,898,952	132,821,314	142,020,156	143,887,083
Total primary government program revenues	\$ 165,281,200	\$ 159,490,913	\$ 163,854,939	\$ 170,927,829	\$ 173,408,276	\$ 207,475,451	\$ 218,635,288	\$ 210,791,339	\$ 240,482,054	\$ 247,341,011
Net (expense)/revenue										
Governmental activities										
Governmental activities	\$ (151,079,901)	\$ (141,730,351)	\$ (156,866,984)	\$ (193,386,459)	\$ (213,377,591)	\$ (175,547,083)	\$ (173,203,097)	\$ (172,756,847)	\$ (149,732,262)	\$ (130,009,804)
Business-type activities										
Business-type activities	15,146,562	12,746,095	22,541,014	20,140,211	18,320,019	28,810,777	8,448,001	8,669,123	10,622,325	17,194,436
Total primary government net expense	\$ (135,933,339)	\$ (128,984,256)	\$ (134,325,970)	\$ (173,246,248)	\$ (195,057,572)	\$ (146,736,306)	\$ (164,755,096)	\$ (164,087,724)	\$ (139,109,937)	\$ (112,815,368)

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 34,131,326	\$ 33,909,334	\$ 37,716,877	\$ 38,976,376	\$ 39,505,377	\$ 39,913,281	\$ 41,591,480	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580
Income taxes	75,471,493	77,574,337	81,968,457	88,174,251	94,038,914	98,558,635	105,064,760	104,590,639	101,814,872	122,928,335
Intergovernmental, unrestricted	32,627,467	34,246,742	34,254,030	34,437,232	37,443,494	20,977,402	21,709,793	20,853,440	24,077,656	28,259,417
Unrestricted investment earnings	1,541,377	1,657,605	2,104,705	3,592,965	217,143	3,364,427	7,762,294	10,265,778	3,722,329	(13,814,112)
Miscellaneous	374,239	707,264	494,106	626,056	1,070,668	816,860	842,188	206,916	514,763	984,977
Gain on sale of capital assets	106,960	789,570	-	-	-	209,777	172,522	-	206,001	53,308
Transfers	2,064,144	2,167,433	1,252,086	(819,936)	1,716,466	1,678,354	(2,689,320)	(1,096,255)	(657,947)	(886,036)
Total governmental activities:	<u>146,317,006</u>	<u>151,052,285</u>	<u>157,790,261</u>	<u>164,986,944</u>	<u>173,992,062</u>	<u>165,518,736</u>	<u>174,453,717</u>	<u>177,987,742</u>	<u>174,630,616</u>	<u>185,254,469</u>
Business- type activities:										
Unrestricted investment earnings	593,408	711,272	697,150	1,107,815	10,638	1,670,570	5,974,331	6,566,634	987,174	(6,465,998)
Miscellaneous	617,730	775,377	161,301	159,504	1,128,510	3,642,538	564,224	635,844	876,428	1,239,904
Gain on sale of capital assets	-	-	-	-	3,594	250,456	(227)	-	(11,535)	-
Transfers	(2,064,144)	(2,167,433)	(1,252,086)	819,936	(1,716,466)	(1,678,354)	2,689,320	1,096,255	657,947	886,036
Special Item- Refund Water Bonds	(4,868,614)	-	-	-	-	-	-	-	-	-
Total business- type activities	<u>(442,296)</u>	<u>(5,721,620)</u>	<u>(680,784)</u>	<u>(393,635)</u>	<u>2,087,255</u>	<u>(573,724)</u>	<u>3,885,210</u>	<u>9,227,648</u>	<u>2,510,014</u>	<u>(4,340,058)</u>
Total primary government	<u>\$ 145,874,710</u>	<u>\$ 145,330,665</u>	<u>\$ 157,109,477</u>	<u>\$ 164,593,309</u>	<u>\$ 176,079,317</u>	<u>\$ 164,945,012</u>	<u>\$ 178,338,927</u>	<u>\$ 187,215,390</u>	<u>\$ 177,140,630</u>	<u>\$ 180,914,411</u>
Change in Net Position										
Governmental activities	\$ (4,762,895)	\$ 9,321,934	\$ 923,277	\$ (28,399,515)	\$ (39,385,529)	\$ (10,028,347)	\$ 1,250,620	\$ 5,230,895	\$ 24,898,354	\$ 55,244,665
Business- type activities	9,424,942	12,065,311	22,147,379	22,227,466	17,746,295	32,695,987	17,675,649	16,967,856	13,132,339	12,854,378
Total primary government	<u>\$ 4,662,047</u>	<u>\$ 21,387,245</u>	<u>\$ 23,070,656</u>	<u>\$ (6,172,049)</u>	<u>\$ (21,639,234)</u>	<u>\$ 22,667,640</u>	<u>\$ 18,926,269</u>	<u>\$ 22,198,751</u>	<u>\$ 38,030,693</u>	<u>\$ 68,099,043</u>

Note: Gas and Weight Taxes were reclassified from intergovernmental to operating grants and contributions in 2018

Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

June 30, 2022

(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund										
Nonspendable	\$ 9,085,247	\$ 7,650,268	\$ 6,370,712	\$ 5,021,173	\$ 3,372,266	\$ 3,426,797	\$ 3,393,029	\$ 1,776,654	\$ 416,721	\$ 524,238
Restricted	-	-	-	-	-	-	-	-	-	39,000
Committed	3,683,466	5,940,801	8,948,835	12,948,835	12,948,835	14,298,835	14,298,835	14,686,521	14,521,837	16,521,837
Assigned	7,218,561	8,098,880	9,183,103	8,304,141	7,369,018	7,684,988	7,146,167	10,670,002	13,884,680	13,036,833
Unassigned	<u>12,677,755</u>	<u>13,840,518</u>	<u>15,101,671</u>	<u>22,388,202</u>	<u>27,289,147</u>	<u>30,434,665</u>	<u>38,134,167</u>	<u>37,037,796</u>	<u>45,055,336</u>	<u>68,232,832</u>
Total general fund	<u>\$ 32,665,029</u>	<u>\$ 35,530,467</u>	<u>\$ 39,604,321</u>	<u>\$ 48,662,351</u>	<u>\$ 50,979,266</u>	<u>\$ 55,845,285</u>	<u>\$ 62,972,198</u>	<u>\$ 64,170,973</u>	<u>\$ 73,878,574</u>	<u>\$ 98,354,740</u>
All other governmental funds										
Nonspendable	\$ 4,232,043	\$ 3,851,381	\$ 3,904,986	\$ 3,872,045	\$ 3,610,387	\$ 3,853,221	\$ 3,997,733	\$ 4,102,153	\$ 4,147,210	\$ 4,332,276
Restricted	12,471,415	13,723,322	17,846,513	38,001,238	28,234,961	21,399,994	31,913,641	33,242,576	20,165,368	29,931,004
Committed	30,862,888	39,983,001	41,781,471	28,609,072	29,681,306	25,957,401	21,452,159	19,465,646	20,200,333	28,790,066
Assigned	11,284,779	12,498,513	12,436,480	20,334,463	25,645,492	24,248,331	29,863,370	31,258,990	28,195,215	28,584,061
Unassigned	<u>(241,434)</u>	<u>(562,032)</u>	<u>(377,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,116,991)</u>
Total all other governmental funds	<u>\$ 58,609,691</u>	<u>\$ 69,494,185</u>	<u>\$ 75,592,035</u>	<u>\$ 90,816,818</u>	<u>\$ 87,172,146</u>	<u>\$ 75,458,947</u>	<u>\$ 87,226,903</u>	<u>\$ 88,069,365</u>	<u>\$ 72,708,126</u>	<u>\$ 90,520,416</u>

Note: The adoption of GASB #54 standards on the reporting of fund balance in 2011 changed the presentation of fund balance beginning in 2011.

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

June 30, 2022

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Property taxes	\$ 34,155,212	\$ 33,909,334	\$ 37,716,877	\$ 38,990,487	\$ 39,543,379	\$ 39,931,447	\$ 41,609,555	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580
City income taxes	75,471,493	77,574,337	81,970,412	88,174,251	94,021,662	98,540,469	105,064,760	104,590,639	101,814,872	122,928,335
State shared taxes	32,627,467	34,246,742	34,252,075	34,440,574	37,422,744	41,065,069	43,201,166	43,323,050	48,795,289	54,383,847
Licenses and permits	4,307,838	4,546,578	3,751,887	7,699,250	7,360,290	7,533,264	7,511,388	6,617,788	5,544,233	7,661,786
Federal grants	15,305,649	10,870,559	8,480,882	8,335,065	8,718,422	7,922,886	9,211,600	8,369,510	24,638,578	26,201,078
State grants	1,095,598	595,271	4,276,576	3,118,910	900,182	5,923,695	6,072,025	2,622,484	2,187,355	2,598,310
Other grants & contributions	5,083,188	4,685,273	4,166,868	5,354,333	4,430,972	6,902,958	6,041,334	6,328,962	6,907,467	5,848,762
Charges for services	23,968,290	25,287,684	26,073,539	24,075,616	23,371,878	23,866,290	32,548,906	29,380,544	32,199,363	31,614,039
Fines and forfeitures	2,403,610	2,461,177	2,072,303	2,115,302	2,349,199	2,320,994	1,998,581	1,863,246	1,937,442	1,937,246
Investment earnings (loss)	693,044	807,495	1,005,208	1,812,434	(282,270)	1,684,235	5,112,136	6,865,356	1,300,570	(10,047,857)
Miscellaneous	436,512	677,503	491,350	626,056	1,066,531	878,678	806,836	386,319	776,406	905,092
Total revenues	\$ 195,547,901	\$ 195,661,953	\$ 204,257,977	\$ 214,742,278	\$ 218,902,989	\$ 236,569,985	\$ 259,178,287	\$ 253,515,122	\$ 271,054,517	\$ 291,759,218
Expenditures:										
Current:										
General government	\$ 23,474,456	\$ 24,804,245	\$ 27,018,056	\$ 28,696,169	\$ 30,130,282	\$ 30,704,431	\$ 32,938,959	\$ 35,468,553	\$ 35,650,857	\$ 35,779,427
Public safety	81,200,548	80,855,089	81,072,054	83,471,722	85,419,851	86,486,306	91,996,757	93,737,136	97,589,907	101,522,434
Public works	31,236,419	30,244,106	31,291,362	31,432,079	32,215,909	35,243,966	37,245,428	41,012,527	40,180,852	41,244,131
Culture and recreation	13,940,573	14,127,062	18,390,409	17,791,041	17,775,381	19,868,500	20,438,421	21,961,324	22,063,780	23,921,682
Urban and community development	20,510,234	16,540,058	16,506,585	15,763,012	17,892,513	18,025,781	20,361,511	20,059,146	22,674,048	23,177,134
Debt service:										
Principal	7,556,251	7,970,700	8,508,124	7,437,220	7,349,646	26,774,209	7,136,903	7,441,207	22,794,037	5,804,775
Interest, fees, and bond issue costs	4,130,036	3,842,817	3,700,435	3,908,361	4,363,449	4,079,345	3,854,184	3,773,874	2,790,521	2,616,268
Capital outlay	6,603,218	7,735,049	29,024,143	35,497,277	39,899,156	23,046,687	32,693,966	28,271,228	32,423,403	27,096,690
Total expenditures	188,651,735	186,119,126	215,511,168	223,996,881	235,046,187	244,229,225	246,666,129	251,724,995	276,167,405	261,162,541
Excess (deficit) of revenues over expenditures	\$ 6,896,166	\$ 9,542,827	\$ (11,253,191)	\$ (9,254,603)	\$ (16,143,198)	\$ (7,659,240)	\$ 12,512,158	\$ 1,790,127	\$ (5,112,888)	\$ 30,596,677
Other financing sources (uses):										
Transfers in	\$ 40,161,192	\$ 36,805,723	\$ 39,501,511	\$ 43,939,163	\$ 43,338,957	\$ 44,955,233	\$ 40,841,556	\$ 29,581,778	\$ 35,941,506	\$ 23,186,647
Transfers out	(37,403,178)	(32,542,961)	(41,363,356)	(43,674,269)	(40,473,207)	(44,420,279)	(43,528,888)	(31,110,743)	(36,557,144)	(24,097,285)
Sale of capital assets	-	1,119	1,571,243	120,109	304,079	5,480	-	1,329,280	2,670	107,997
Face value of bonds and contracts issued	526,800	2,706,853	21,550,000	37,840,000	12,045,000	-	8,210,000	18,735,000	3,867,238	11,790,000
Premium on bonds issued	-	-	-	3,886,102	-	-	785,507	1,492,494	265,029	630,889
Leases entered into	-	-	-	-	-	-	-	-	-	73,531
Payment to refunded bond escrow agent	-	(2,293,547)	-	(8,635,029)	-	-	-	(19,867,377)	(4,060,049)	-
Total other financing sources (uses)	3,284,814	4,677,187	21,259,398	33,476,076	15,214,829	540,434	6,308,175	160,432	(540,750)	11,691,779
Net change in fund balances	10,180,980	14,220,014	10,006,207	24,221,473	(928,369)	(7,118,806)	18,820,333	1,950,559	(5,653,638)	42,288,456
Fund balances, beginning	81,164,225	91,274,720	105,024,652	115,196,356	139,479,169	138,151,412	131,304,232	150,199,101	152,240,338	146,586,700
Current year change in inventory levels	(70,485)	(470,082)	165,497	61,340	(399,388)	271,626	74,536	90,678	-	-
Fund balances, ending	\$ 91,274,720	\$ 105,024,652	\$ 115,196,356	\$ 139,479,169	\$ 138,151,412	\$ 131,304,232	\$ 150,199,101	\$ 152,240,338	\$ 146,586,700	\$ 188,875,156
Debt Service as a percentage of non-capital expenditures	7.03%	6.95%	6.08%	5.27%	5.29%	13.59%	4.79%	4.46%	10.55%	3.22%

Note: Beginning in 2021, the City included the current year change in inventory levels with expenditures

Tax Revenue by Source - All Funds (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Fiscal Year	City Taxes		State Shared Taxes				Total Tax Revenues, All Funds
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other	
2013	\$ 75,471,493	\$ 34,155,212	\$ 13,745,657	\$ 13,210,493	\$ 4,952,664	\$ 718,653	\$ 142,254,172
2014	77,574,337	33,909,334	14,068,013	14,450,641	5,188,615	539,473	145,730,413
2015	81,970,412	37,716,877	14,288,969	13,842,559	5,387,594	732,953	153,939,364
2016	88,174,251	38,990,487	14,275,240	14,633,980	5,289,078	242,276	161,605,312
2017	94,021,662	39,543,379	15,097,998	16,827,013	5,289,078	208,655	170,987,785
2018	98,540,469	39,931,447	15,623,672	20,087,667	5,314,458	39,272	179,536,985
2019	105,064,760	41,609,555	16,355,038	21,509,447	5,289,078	47,603	189,875,481
2020	104,590,639	43,167,224	16,187,769	22,469,610	4,638,106	27,565	191,080,913
2021	101,814,872	44,952,942	18,355,161	24,717,633	5,565,728	156,797	195,563,133
2022	122,928,335	47,728,580	24,564,154	26,801,871	2,838,521	179,301	225,040,762

Fiscal Year	Percent to Total Tax Sources						% Increase (Decrease)
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other	
2013	53.1	24.0	9.7	9.3	3.5	0.5	4.7
2014	53.2	23.3	9.7	9.9	3.6	0.4	2.4
2015	53.2	24.5	9.3	9.0	3.5	0.5	5.6
2016	54.6	24.1	8.8	9.1	3.3	0.1	5.0
2017	55.0	23.1	8.8	9.8	3.1	0.1	5.8
2018	54.9	22.2	8.7	11.2	3.0	0.0	5.0
2019	55.3	21.9	8.6	11.3	2.8	0.0	5.8
2020	54.7	22.6	8.5	11.8	2.4	0.0	0.6
2021	52.1	23.0	9.4	12.6	2.8	0.1	2.3
2022	54.6	21.2	10.9	11.9	1.3	0.1	15.1

Note: (1) Excludes the discretely presented Component Units and special assessments.

(2) Starting 2013, the City, Village, and Township Revenue Sharing (CVTRS), previously Economic Vitality Incentive Program (EVIP) was a replacement for the former statutory State Shared Revenue program, which had been distributed according to a formula. The CVTRS program is not distributed by formula, but rather awards are determined based on grant project ranking.

Segmented Data on Local Income Tax Filers, Rates and Liability (Unaudited)

Current Year and Nine Years Previous

June 30, 2022

Taxable Income per Return	Calendar Year 2022					Calendar Year 2013				
	No. of	% of Total	Total Taxable		% of Total Tax	No. of	% of Total	Total Taxable		% of Total
	Returns	Returns	Income	Tax Dollars	Dollars	Returns	Returns	Income	Tax Dollars	Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$32 or less	6,274	5%	\$ -	\$ -	0%	3,850	3%	\$ -	\$ -	0%
33 - 12,500	11,260	9%	65,100,000	980,000	1%	14,041	12%	80,700,000	1,210,000	2%
12,501 - 25,000	8,646	7%	161,200,000	2,420,000	3%	10,118	8%	187,200,000	2,810,000	5%
25,001 - 50,000	15,544	12%	570,600,000	8,560,000	10%	13,550	11%	488,900,000	7,330,000	13%
50,001 - 100,000	14,080	11%	988,300,000	14,820,000	18%	9,980	8%	689,300,000	10,340,000	18%
More than \$ 100,000	7,180	5%	1,468,200,000	22,020,000	26%	3,312	3%	582,900,000	8,740,000	16%
Subtotal	62,984	48%	\$ 3,253,400,000	\$ 48,800,000	58%	54,851	46%	\$ 2,029,000,000	\$ 30,430,000	54%
Non-Resident Taxpayers:										
\$66 or less	7,206	5%	\$ -	\$ -	0%	6,659	6%	\$ -	\$ -	0%
67 - 12,500	16,447	12%	91,500,000	690,000	1%	15,696	13%	80,100,000	600,000	1%
12,501 - 25,000	9,831	7%	179,100,000	1,340,000	2%	8,994	7%	167,900,000	1,260,000	2%
25,001 - 50,000	14,117	11%	514,300,000	3,860,000	5%	15,049	13%	550,600,000	4,130,000	7%
50,001 - 100,000	11,086	8%	758,000,000	5,690,000	7%	10,687	9%	724,200,000	5,430,000	10%
More than \$100,000	4,833	4%	1,135,400,000	8,520,000	10%	4,025	3%	846,800,000	6,350,000	11%
Subtotal	63,520	48%	\$ 2,678,300,000	\$ 20,100,000	24%	61,110	51%	\$ 2,369,600,000	\$ 17,770,000	32%
All Other Returns										
Subtotal	5,115	4%	\$ 1,016,300,000	\$ 15,240,000	18%	4,111	3%	\$ 438,800,000	\$ 7,840,000	14%
Total	131,619	100%	\$ 6,948,000,000	\$ 84,140,000	100%	120,072	100%	\$ 4,837,400,000	\$ 56,040,000	100%

Source: City Income Tax Department

Note: Information is taken from returns filed during the calendar year. Tax rates applicable through June 30, 2010, were established by the City's electorate in 1995. In 2010, the City's electorate approved an increase in the tax rates effective July 1, 2010 for a five year period, which was extended by the voters in May 2014 to continue until June 30, 2030. The 201/post-2010 tax rates are described in the following:

- City resident income, after exemptions, exclusions and deductions, are taxed at a flat rate of 1.3%/1.5% .
- Non- residents and trusts pay at a rate of 0.65%/ .75% on all City source income.
- Other taxpayers are corporations, which pay 1.3%/1.5% on all City source income, and partnerships, which may be filing information returns or remit the tax at a rate based on the partner's residence status.

The income tax is the most significant local revenue source.
Numbers may not total due to rounding.

Assessed and Estimated Actual Value of Taxable Property (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Taxable Values

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable to Estimated Actual Value	Percent Increase (Decrease) in Estimated Actual Value Over Prior Year
2013	2,592,621,697	1,222,199,744	201,200,508	454,702,000	4,470,723,949	(92,284,733)	8.1716	9,370,433,400	48	(4.79)
2014	2,538,239,112	1,184,138,966	173,772,566	461,576,900	4,357,727,544	(87,293,944)	8.1719	9,068,073,600	48	(3.23)
2015	2,552,663,996	1,183,191,836	171,814,930	456,984,100	4,364,654,862	(85,385,420)	9.1518	9,234,667,900	48	1.84
2016	2,606,974,602	1,197,154,599	174,669,827	476,934,700	4,455,733,728	(66,582,151)	9.1515	9,719,837,200	47	5.25
2017	2,659,890,604	1,228,972,004	172,032,774	392,802,400	4,453,697,782	(34,038,291)	9.1166	10,194,198,000	46	4.88
2018	2,759,511,596	1,301,686,385	172,823,262	395,426,000	4,629,447,243	(19,937,510)	9.0258	11,156,632,000	44	9.44
2019	2,888,475,740	1,399,351,973	175,721,947	396,575,400	4,860,125,060	(705,496)	8.9710	11,793,073,400	41	5.70
2020	3,048,959,434	1,535,994,302	181,686,636	398,935,600	5,165,575,972	(436,126)	8.9011	13,158,496,000	41	11.58
2021	3,230,848,336	1,652,945,913	188,732,942	414,690,100	5,487,217,291	(161,751)	8.8070	14,741,476,200	37	12.03
2022	3,392,051,552	1,721,254,932	199,560,788	428,796,800	5,741,664,072	(1,621,706)	8.9950	15,875,207,800	36	7.69

Note: State statute requires all property subject to ad valorem taxation be assessed at 50 percent of market value. Estimated actual value as shown is calculated by doubling the assessed value. Since 1994, any increase in the taxable value of existing property has been limited each year to the lower of 5% or the rate of inflation, until the property ownership is transferred. Only the taxable portion of the assessed value is presented above under the Taxable Value headings. Property located in designated Renaissance Zones is assessed on the ad valorem roll, but taxes due, other than school debt millages, are abated for 15 years.

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Fiscal Year Ended June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (net of adjustments)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Original Levy
2013	2012	32,464,748	32,073,324	98.79	-	32,073,324	98.79
2014	2013	31,640,801	31,561,732	99.75	(322,274)	31,239,458	98.73
2015	2014	31,685,204	31,502,619	99.42	(132,167)	31,370,452	99.01
2016	2015	36,360,029	36,281,099	99.78	(83,003)	36,198,095	99.55
2017	2016	36,345,588	36,317,720	99.92	(206,072)	36,111,648	99.36
2018	2017	37,127,348	37,069,247	99.84	(437,785)	36,631,463	98.66
2019	2018	38,644,162	38,545,648	99.75	(390,351)	38,155,297	98.73
2020	2019	40,095,650	40,073,330	99.94	-	40,073,330	99.94
2021	2020	41,645,373	41,641,041	99.99	-	41,641,041	99.99
2022	2021	44,528,779	44,445,230	99.81	-	44,445,230	99.81

Note: The tax levies and collections shown above are ad valorem taxes only and exclude amounts payable to discretely presented Component Units.

Property Tax Rates: Direct and Overlapping Governments (Unaudited)

Last Ten Fiscal Years
June 30, 2022

City of Grand Rapids Direct Tax Rates ¹

Fiscal Year	Tax Year	General Operating	Promotional and Advertising	Library ²	Refuse Collection	Parks ⁵	Total City	Total School ³	Total State Education	Total Intermodal Transit	Total County ⁶	Combined Total
Tax Rates: ⁴												
2013	2012	4.1070	0.0113	2.4533	1.6000	-	8.1716	28.0768	6.0000	1.4100	5.3940	49.0524
2014	2013	4.1070	0.0116	2.4533	1.6000	-	8.1719	28.0768	6.0000	1.4700	5.3940	49.1127
2015	2014	4.1070	0.0115	2.4533	1.6000	0.9800	9.1518	28.0768	6.0000	1.4700	5.6196	50.3182
2016	2015	4.1070	0.0112	2.4533	1.6000	0.9800	9.1515	28.3768	6.0000	1.4700	5.6196	50.6179
2017	2016	4.0881	0.0112	2.4419	1.6000	0.9754	9.1166	30.3217	6.0000	1.4688	6.0596	52.9667
2018	2017	4.0390	0.0107	2.4125	1.6000	0.9636	9.0258	29.6982	6.0000	1.4632	6.0518	52.2390
2019	2018	4.0095	0.0102	2.3948	1.6000	0.9565	8.9710	29.7181	6.0000	1.4658	6.2947	52.4496
2020	2019	3.9718	0.0096	2.3722	1.6000	0.9475	8.9011	30.2219	6.0000	1.4556	6.2584	52.8370
2021	2020	3.9221	0.0090	2.3406	1.6000	0.9353	8.8070	30.1656	6.0000	1.4457	6.2100	52.6283
2022	2021	3.8644	0.0087	2.3061	1.6000	1.2158	8.9950	29.0835	6.0000	1.4308	6.2474	51.7567

Note: (1) All rates are ad valorem rates. City includes amounts payable to discretely presented component units.

Due: July 1 Past Due: August 1 Penalties: 1% per month until paid; after February 14, a total of 4% (3% penalty and 1% collection fee) is added.

(2) Library includes Library Capital Improvement millages (for fiscal years 2011 through 2018) and portion of General Operating millage dedicated to Library Operations.

Starting fiscal year 2019, Library includes the Library milage and a portion of the General Operating milage dedicated to Library Operations.

(3) Rate includes Grand Rapids Public School non- homestead rate, Kent Intermediate School District, and Grand Rapids Community College.

Property occupied as the owner's principal residence may have an 18 mill reduction in the school tax millage.

(4) Property tax rates: per \$ 1,000 of Taxable Value.

(5) The voters approved this millage in November 2013, from which the first receipts were in July 2015.

(6) The voters approved a new millage for the zoo and museum in November 2015, from which the first receipts were in December 2016.

Principal Property Tax Taxpayers (Unaudited)

Current Year and Nine Years Previous
June 30, 2022

Taxpayer	Type of Business	Fiscal Year 2022			Fiscal Year 2013		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric Utility	\$ 118,413,814	1	2.04%	\$58,629,514	1	1.30%
DTE Gas Company	Gas Utility	52,993,100	2	0.91%	20,659,955	8	0.46%
Amway Hotel Corporation	Hospitality	46,823,245	3	0.81%	37,238,941	3	0.83%
Centerpoint Owner LLC	Retail Shopping Center	32,957,440	4	0.57%	20,557,698	9	0.46%
HP3 LLC	Lodging, dining, retail	26,617,546	5	0.46%	24,480,300	4	0.54%
Grip Medical Properties I LLC	Medical Office Building & Research	21,869,799	5	0.38%			
Steelcase Inc	Office systems design/ manufacturing	20,459,195	7	0.35%	22,545,650	6	0.50%
Michigan Christian Home	Retirement Home	20,437,009	8	0.35%			
Midtown Properties Pearl & Ottawa LLC	Real Estate	18,314,551	9	0.32%			
Meijer Inc	Retailer	17,625,214	10	0.30%			
Kellogg/ Keebler Company*	Bakery Products				42,218,600	2	0.94%
Fifth Third Bank, Michigan	Banking / Real Estate				22,653,595	5	0.50%
Michigan Street Development	Medical Office Building Development				21,610,268	7	0.48%
GMAC 2001-C1 Bridgewater Industrial	Real Estate				18,940,600	10	0.42%
		<u>\$ 376,510,913</u>		<u>6.50%</u>	<u>\$ 289,535,121</u>		<u>6.43%</u>

Note: The principal taxpayers and taxable values were determined from the July 1, 2021, and July 1, 2012, tax bills and include qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities Tax under Public Act 198 of 1974.

The percentage calculation is based on the Total Taxable Values of \$5,793,445,431 in 2022 and \$4,504,552,551 in 2013 on the ad valorem tax roll and property granted tax abatements.

* Keebler Company, a division of Kellogg USA, property was eligible through 2017 for property exemption under the Michigan Renaissance Zone Act, Public Act 376 of 1996.

City of Grand Rapids, Michigan

Computation of Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2022

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 184,990,000	99.99%	\$ 184,971,501
Caledonia Community Schools	157,775,312	0.10%	157,775
Forest Hills Public Schools	130,780,000	2.48%	3,243,344
Godwin Heights Public Schools	22,880,000	8.54%	1,953,952
Kenowa Hills Public Schools	80,345,000	0.66%	530,277
Kentwood Public Schools	78,205,000	8.20%	6,412,810
Kent County	92,105,000	21.59%	19,885,470
Grand Rapids Community College	23,775,000	20.87%	4,961,843
Total overlapping debt	<u>\$ 770,855,312</u>		<u>\$ 222,116,972</u>
City direct debt			<u>68,345,633</u>
Total City direct and overlapping debt			<u>\$ 290,462,605</u>

Note: The City of Grand Rapids does not carry debt supported by special assessment billing and collections. The following statistical schedules are not relevant to the City of Grand Rapids and therefore have not been included in the statistical presentation:

- Special assessments billings and collections
- Computation of legal debt margin for special improvements

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Ratios of Outstanding Debt by Type (Unaudited)

Last Ten Fiscal Years

June 30, 2022

Fiscal Year	Governmental Activities					
	General Bonded Debt			Other Debt		
	General Obligation Limited Tax Bonds	Percentage of Personal Income ²	Per Capita ¹	Revenue Bonds	State Loans	Total Governmental Activities
2013	57,412,823	1.53	301	29,799,517	-	87,212,340
2014	49,773,182	1.23	259	28,568,715	-	78,341,897
2015	63,131,172	1.44	326	27,267,913	-	90,399,085
2016	89,536,548	2.23	459	25,917,111	-	115,453,659
2017	95,121,080	2.20	478	24,496,310	-	119,617,390
2018	69,183,773	1.60	348	22,995,508	-	92,179,281
2019	71,210,367	1.53	356	22,183,481	-	93,393,848
2020	65,608,041	1.31	332	20,112,680	-	85,720,721
2021	45,248,041	0.86	227	19,045,068	-	64,293,109
2022	52,327,373	0.998	265	16,018,260	-	68,345,633

Fiscal Year	Business-Type Activities					
	General Obligation Limited Tax Bonds	Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	2013	34,509,504	411,135,020	445,644,524	532,856,864	14.21
2014	33,404,366	391,095,979	424,500,344	502,842,241	12.46	2,615
2015	32,266,225	393,340,181	425,606,406	516,005,491	11.76	2,663
2016	32,126,772	381,577,159	413,703,931	529,157,590	12.30	2,750
2017	30,655,329	376,691,837	407,347,166	526,964,556	12.20	2,650
2018	30,336,807	415,259,149	445,595,956	537,775,237	12.45	2,705
2019	27,555,565	434,450,540	462,006,105	555,399,953	11.94	2,774
2020	25,956,520	490,811,032	516,767,552	602,488,273	12.06	2,997
2021	24,113,418	477,523,677	501,637,095	565,930,204	11.33	2,815
2022	22,935,028	449,178,638	472,113,666	540,459,299	10.31	2,738

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Population Source: U.S. Census Bureau - American Fact Finder- City of Grand Rapids

(2) Income Source: U.S. Census Bureau - American Fact Finder - City of Grand Rapids

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years
June 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 475,013,950	\$ 460,590,000	\$ 469,029,515	\$ 493,728,270	\$ 518,584,180	\$ 568,082,080	\$ 600,863,210	\$ 669,287,870	\$ 749,474,220	\$ 806,470,270
Total net debt applicable to limit	<u>149,161,448</u>	<u>140,405,688</u>	<u>154,636,585</u>	<u>174,316,401</u>	<u>177,217,841</u>	<u>144,338,519</u>	<u>137,831,956</u>	<u>121,161,614</u>	<u>89,856,259</u>	<u>87,280,964</u>
Legal debt margin	<u>\$ 325,852,502</u>	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>	<u>\$ 319,411,869</u>	<u>\$ 341,366,339</u>	<u>\$ 423,743,561</u>	<u>\$ 463,031,254</u>	<u>\$ 548,126,256</u>	<u>\$ 659,617,961</u>	<u>\$ 719,189,306</u>
Total net debt applicable to the limit (as a percentage of debt limit)	31.40%	30.48%	32.97%	35.31%	34.17%	25.41%	22.94%	18.10%	11.99%	10.82%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	\$ 7,937,603,900
Add back: exempt property	<u>127,098,800</u>
Total Assessed Value	8,064,702,700
Debt limit (10% of total AV)	806,470,270
Debt applicable to limit:	
Total debt outstanding	493,635,444
Less: exempt debt	<u>406,354,480</u>
Total net debt applicable to limit	<u>87,280,964</u>
Legal debt margin	<u>\$ 719,189,306</u>

Note: Under authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have to ten percent of total state equalized assessed property value. However, significant exceptions to the limitations are permitted for certain types of indebtedness which include: State transportation bonds, Water and Sewer revenue bonds, and Tax Increment Revenue Bonds. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Pledged Revenue Coverage (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses ²	Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Water Supply System Fund:</u>							
2013	47,062,960	23,551,763	23,511,197	9,577,838	5,620,135	15,197,973	1.55
2014	43,659,098	23,906,882	19,752,216	10,406,000	5,409,250	15,815,250	1.25
2015	42,329,577	21,233,153	21,096,424	9,975,593	4,364,828	14,340,421	1.47
2016	44,354,200	24,195,366	20,158,834	10,520,000	4,207,769	14,727,769	1.37
2017	46,783,375	27,503,944	19,279,431	11,235,750	4,409,744	15,645,494	1.23
2018	49,579,416	24,307,415	25,272,001	6,575,000	3,915,535	10,490,535	2.41
2019	51,335,340	29,291,516	22,043,824	7,060,000	5,233,955	12,293,955	1.79
2020	51,668,051	28,367,378	23,300,673	3,775,000	5,649,846	9,424,846	2.47
2021	52,404,308	28,545,746	23,858,562	4,355,000	6,139,754	10,494,754	2.27
2022	53,200,453	27,514,934	25,685,519	4,560,000	5,952,217	10,512,217	2.44
<u>Sewage Disposal System Fund:</u>							
2013	49,525,204	24,620,944	24,904,260	8,574,061	11,779,929	20,353,990	1.22
2014	50,035,417	23,591,788	26,443,629	10,271,776	12,089,764	22,361,540	1.18
2015	52,306,225	22,549,030	29,757,195	7,464,372	12,571,402	20,035,774	1.49
2016	54,728,599	25,256,696	29,471,903	7,614,704	11,529,417	19,144,121	1.54
2017	54,599,465	28,365,449	26,234,016	7,730,000	11,625,970	19,355,970	1.36
2018	56,810,453	27,647,714	29,162,739	9,475,000	12,450,620	21,925,620	1.33
2019	60,801,802	31,090,579	29,711,223	8,935,000	12,977,195	21,912,195	1.36
2020	63,371,023	30,778,153	32,592,870	9,310,000	13,872,244	23,182,244	1.41
2021	61,680,756	31,998,573	29,682,183	11,175,000	13,591,619	24,766,619	1.20
2022	68,003,331	31,845,879	36,157,452	13,025,000	10,211,658	23,236,658	1.56

Note: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue. The Water Supply System Fund also includes transfers in from the Sewage Disposal System Fund.

(2) Operating expenses are total operating expenses less depreciation expense. The Sewer Disposal System Fund operating expenses also include transfers out to the Water Supply System Fund.

Demographic Statistics (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
2013	190,426	\$ 3,749,297,514	\$ 19,689	30.6	16,498	8.70
2014	192,285	4,034,908,440	20,984	31.6	15,983	8.1
2015	193,793	4,386,504,555	22,635	30.4	16,852	5.5
2016	195,099	4,007,723,658	20,542	32.1	16,692	4.2
2017	192,416	4,300,690,016	22,351	31.1	16,827	4.3
2018	198,829	4,320,554,170	21,730	31.1	16,587	4.7
2019	200,217	4,650,039,825	23,225	31.1	16,157	3.8
2020	201,013	4,995,575,076	24,852	31	15,313	8.1
2021	198,917	5,251,209,883	26,399	31.4	14,497	7.2
2022	197,416	5,242,579,296	26,556	31.2	14,352	5.0

- Notes:**
- (1) U.S. Census Bureau - American Fact Finder- City of Grand Rapids
 - (2) U.S. Census Bureau - American Fact Finder - City of Grand Rapids
 - (3) 2013-2014: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
2015-2022: Michigan Student Data System (cepi.state.mi.us)
 - (4) Michigan Department of Technology, Management & Budget: Labor Market Information (www.milmi.org) - City of Grand Rapids - average percent by fiscal year.

Principal Local Employers (Unaudited)

Current Year and Nine Years Previous
June 30, 2022

Employer	Type of Business	2022			2013		
		West Michigan Employees	Rank	Total City Employment	West Michigan Employees	Rank	Total City Employment
Spectrum Health	Hospital and medical services	25,000	1	21.5 %	19,100	1	16.2 %
Meijer Inc		10,340	2	8.9 %	7,725	3	6.6 %
Mercy Health	Retailer	8,500	3	7.3 %			
Gentex Corporation	Wholesale/Distribution	5,800	4	5.0 %			0.0 %
Gordon Food Services Inc.	Consumer products manufacturing	5,000	5	4.3 %			
Amway Corporation		3,791	6	3.3 %	5,233	4	4.4 %
Herman Miller Inc	Furniture manufacturing	3,621	7	3.1 %			
Perrigo Company	Food distributor and retailer	3,500	8	3.0 %			
Steelcase Inc		3,500	9	3.0 %	3,227	8	2.7 %
Farmers Insurance Inc		3,500	10	3.0 %			0.0 %
Axios Incorporated	Human Resources and Employment Service				8,000	2	6.8 %
Grand Valley State University	Education				3,991	5	3.4 %
Johnson Controls	Automotive Components				3,900	6	3.3 %
Spartan Stores	Food Distributor and Retailer				3,608	7	3.1 %
Grand Rapids Public Schools	Education				2,907	9	2.5 %
Fifth Third Bank	Banking / Real Estate				2,729	10	2.3 %
		<u>72,552</u>		<u>62.4%</u>	<u>60,420</u>		<u>51.4%</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self-reported employment by the largest employers in West Michigan. The complete list of employers is available at www.rightplace.org/data-center/workforce. As principal local employer information was not available for 2022 from the Right Place, Inc., the figures above reflect 2017 data.

According to the US Census data for 2017, while 33% of employed city residents work in the city, 67% of employed city residents work in the surrounding area. Non-city residents fill 76% of the employment in the city. Percentages are based on the total employment in the city of 116,311 persons in 2017 and 117,633 in 2013. Focusing on employers in the region rather than the city provides a better indication of the potential economic impact on the city of a closure or relocation of one or more of the major local employers.

Full-Time Equivalent City Government Employees by Department (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessor	16.0	15.0	14.2	14.2	13.9	15.2	15.2	15.2	15.2	15.2
Attorney	15.0	15.0	15.0	17.0	17.0	17.0	17.0	18.0	18.0	18.0
City Clerk	9.0	10.0	9.0	9.0	10.0	11.0	11.0	11.0	11.0	11.0
Community Development	20.0	17.0	14.6	14.6	14.9	15.4	15.4	15.4	15.9	22.7
Comptroller	16.0	16.0	16.3	17.0	17.0	15.0	15.0	15.0	16.0	16.0
311 Customer Service	-	10.0	12.0	13.0	13.0	14.0	14.0	14.1	14.1	14.1
Dispatch	51.0	51.0	53.5	53.5	44.0	42.8	42.8	46.0	44.0	47.0
61st District Court ¹	88.1	87.5	85.8	87.3	92.0	92.0	93.0	90.0	94.0	89.0
Economic Development	4.0	1.5	1.2	1.2	1.2	2.2	2.2	2.2	2.4	2.2
Engineering	24.0	26.0	29.4	35.4	36.3	39.1	39.1	40.0	39.3	38.3
Environmental Services/Sewage	98.0	97.7	114.9	117.4	118.2	118.2	119.3	137.3	136.7	136.6
Equal Opportunity (Admin Services)	5.0	4.3	3.3	4.3	4.3	4.3	4.3	4.0	7.0	7.0
Executive	11.0	11.0	11.0	12.8	12.2	18.1	22.2	18.3	19.2	15.7
Facilities Management	12.0	11.8	12.1	12.1	13.7	13.6	13.6	14.6	14.6	14.9
Fire	235.0	189.5	189.5	198.5	198.0	199.0	198.8	199.3	199.3	199.3
Fiscal Services	10.0	10.0	9.5	9.5	9.5	11.3	9.3	8.8	9.8	13.0
Human Resources	15.0	14.3	15.0	19.4	20.2	20.2	20.2	20.8	20.8	20.8
Income Tax	14.0	14.0	14.2	15.2	15.2	16.2	16.2	17.2	17.2	17.2
Information Technology	4.0	4.0	3.4	4.4	3.3	3.3	2.3	3.3	2.3	2.2
Motor Equipment	33.0	32.7	33.7	34.7	33.3	33.4	33.4	34.7	33.8	32.4
Neighborhood Improvement (Building Inspections)	42.0	43.0	44.3	49.2	50.9	56.4	57.4	59.5	59.7	60.2
Parking Services	31.0	32.9	25.1	36.5	38.3	40.3	43.5	45.8	47.3	47.3
Parks and Recreation	31.0	26.0	27.2	31.2	35.2	36.9	37.1	41.6	38.8	41.1
Planning	10.0	11.0	12.3	14.3	13.9	13.4	11.0	13.7	13.4	13.2
Police	328.0	304.0	369.5	321.0	320.0	325.0	325.0	334.0	335.0	328.0
Public Library ¹	165.0	152.0	149.0	150.0	152.0	153.0	156.5	156.5	157.0	159.0
Streets & Sanitation	79.0	74.3	63.8	73.5	75.5	77.4	76.9	123.5	123.5	84.1
Traffic Safety	35.0	34.5	36.4	38.4	37.7	38.1	37.5	23.8	22.7	22.7
Treasurer	19.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	18.0	18.0
Water	156.0	140.0	128.0	110.3	112.1	112.1	115.0	117.0	117.1	117.0
Seasonal and Other FTEs ¹	86.3	122.6	80.0	97.0	114.2	112.0	116.6	64.3	74.6	83.9
	1,662	1,597	1,611	1,629	1,655	1,682	1,698	1,721	1,738	1,707

Note: Information provided by the list of authorized positions in the City's Annual Fiscal Plan.
(1) Part- time positions for Library and District Court are included within the respective departments.

Operating Indicators by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2022

Function/Program ¹	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Archives										
Requests ²	1,300	1,300	1,300	1,340	1,728	1,501	1,835	3,488	1,410	2,181
Boxes Stored ⁵	14,147	14,147	14,147	14,147	14,147	14,147	14,147	-	18,883	341
Cubic Feet of Records Stored ⁵	-	-	-	-	-	-	-	17,102	21,122	335
Clerk										
Voters in November Election										
Public Safety	81,616	16,114	49,153	20,085	85,483	16,114	77,286	28,625	98,095	15,079
Fire										
Total Calls ²	22,372	21,422	21,885	22,256	23,166	24,020	22,395	24,124	23,120	24,543
Civilian Fire Deaths ²	2	1	2	1	2	3	3	2	9	1
Police										
Major Crimes ²	8,483	8,482	6,948	6,288	5,760	5,432	5,405	5,121	5,503	3,852
Physical Arrests ²	16,823	13,235	14,477	14,756	15,142	13,174	13,094	10,869	4,612	5,105
Public Works										
Refuse										
Tons of Refuse Picked Up	23,071	23,590	24,613	26,305	26,683	28,154	31,873	35,708	36,745	36,909
Tons of Recycling Removed	9,905	10,669	10,647	10,118	10,042	9,852	7,244	6,501	8,171	7,573
Culture and Recreation										
Parks and Recreation										
Open Swim Participants	23,315	28,609	51,515	52,432	51,663	39,709	46,585	31,564	8,249	49,515
Swimming Lesson Participants	292	442	537	357	345	413	388	223	132	952
Softball League Teams	156	129	120	104	95	86	87	34	41	21
Public Library										
Library Card Holders	65,873	75,490	70,079	69,481	66,966	66,799	66,073	70,855	64,247	45,654
Total User Count	983,299	945,977	912,354	782,899	747,582	683,574	697,626	450,502	92,686	310,520
Local History Collection Users	38,744	35,349	36,356	35,663	35,524	34,819	40,138	25,127	4,879	n/a ⁶
Total Circulation of Materials	1,666,349	1,629,037	1,604,614	1,598,076	1,372,104	1,407,132	1,423,581	1,171,695	961,739	1,207,512
Urban and Community Development										
Building Permits Issued	2,314	2,281	2,552	2,662	2,900	2,884	2,938	2,640	2,529	2,893
Construction Value	\$ 308,220,000	\$ 312,800,000	\$ 245,710,000	\$ 459,870,000	\$ 411,570,000	\$ 497,580,000	\$ 495,340,000	\$ 437,700,000	\$ 572,912,000	\$ 502,075,000
Business-Type Activities										
Cemeteries										
Burials	469	408	436	394	408	378	366	385	466	460
Parking System										
Event and Visitor Parking	1,058,931	1,021,804	1,090,636	1,108,270	1,108,799	1,437,848	1,630,032	1,176,953	570,974	1,232,169
Sewage Disposal System										
Number of Retail Customers	73,956	74,146	74,415	74,628	74,805	75,052	75,241	75,524	75,728	75,955
New Connections	275	288	330	303	259	282	306	288	328	297
Billions of Gallons Treated ³	15.100	15.062	14.753	18.819	15.367	14.705	16.005	16.968	12,844.000	14.294
Peak Daily Flow (millions of gal.)	82.10	71.80	87.65	76.30	80.10	88.30	80.00	87.70	85.70	73.20
Average Daily Flow (millions of gal.)	41.40	41.40	40.53	40.60	42.10	40.37	43.89	46.33	35.18	39.17
Water Supply System										
Number of Retail Customers ⁴	79,794	80,813	82,163	83,340	85,103	86,418	79,875	80,242	80,504	80,787
New Connections	277	287	326	315	273	305	389	310	315	273
Billions of Gallons Produced	13.438	12.997	12.364	12.623	12.565	13.525	12.911	12.735	13.381	13.365
Peak Daily Flow (millions of gal.)	80.24	63.70	63.02	64.02	69.77	66.39	77.14	63.14	75.10	68.80
Average Daily Flow (millions of gal.)	36.70	35.80	33.84	34.68	34.39	37.01	35.31	34.77	36.60	36.60

- Notes:**
- (1) Information provided by the responsible departments.
 - (2) Calendar information for the previous calendar year.
 - (3) Effective FY14, number of gallons treated changed to fiscal year; 2013 revised accordingly.
 - (4) In FY14, number of customers for 2013 adjusted per final water rate study. In FY 2019, customers adjusted due to updated meter count.
 - (5) In FY20, we determined cubic feet of records stored as a more accurate metric to track activity in our Archives program as opposed to boxes stored.
 - (6) In FY22, GRPL experienced equipment failure and the data for local history collection users was lost
 - (7) After FY21 The State of Michigan (MICR) and the federal government (NIBRS) changed their reporting methodology to eliminate UCR Part I (major) and Part II (minor) crime distinctions. The FY2022 figure includes 2021 Crimes Against Person, per Captain Collard's recommendation.

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2022

<u>Function/Program</u> ¹	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetlights	20,178	20,178	20,178	19,307	18,539	18,037	18,037	18,037	18,037	18,037
Streets										
Miles of paved streets- major	206	206	206	206	206	206	211	207	211	211
Miles of paved streets- local	388	287	387	387	387	387	393	387	394	394
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	71	71	71	74
Number of swimming pools	9	9	9	3	3	3	3	3	3	3
Number of ball diamonds	74	74	74	74	74	74	74	74	74	74
Supervised playgrounds	0	0	0	0	1	1	1	0	4	4
Public Library										
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Business-type Activities										
Parking System										
Parking garages	8	8	8	8	8	8	8	8	8	8
DASH buses	8	8	8	8	10	10	10	14	14	14
Sewage Disposal System										
Miles of sanitary sewers	905	907	910	913	913	915	920	921	925	928
Water Supply System										
Miles of water mains	1,163	1,165	1,167	1,169	1,175	1,178	1,185	1,187	1,188	1,192

Note: (1) Information is provided by the responsible departments

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