



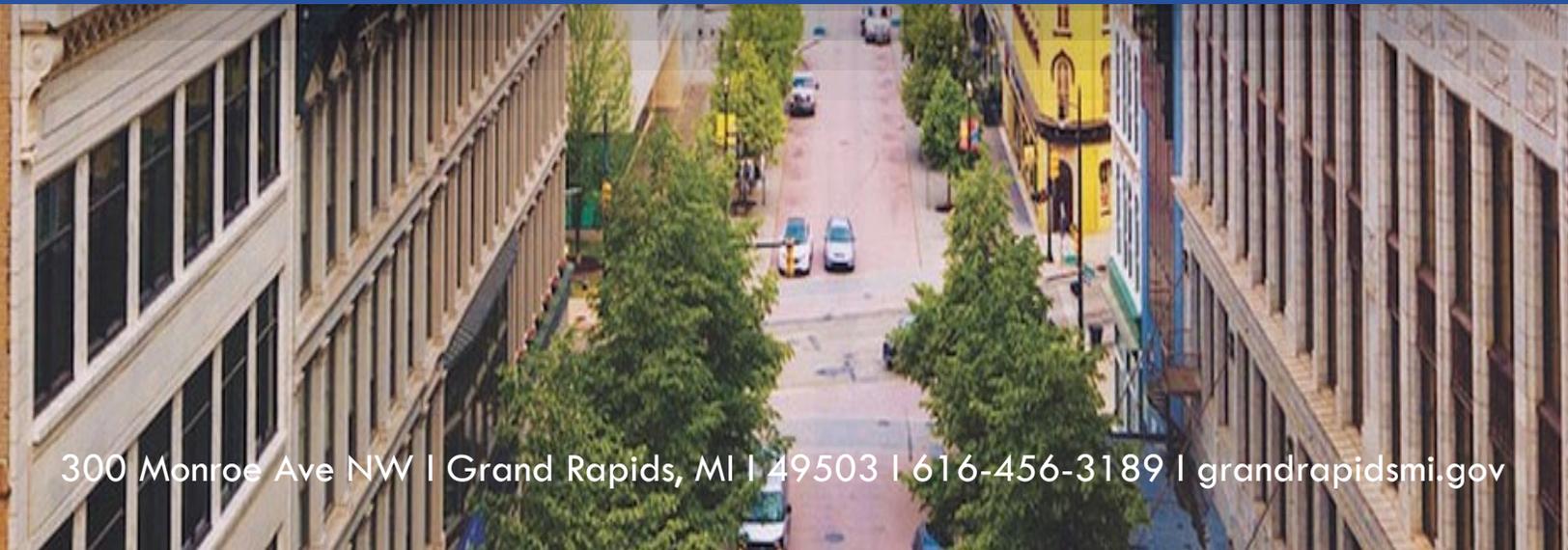
CITY OF
GRAND
RAPIDS



FY 2021

Annual Comprehensive Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2021



About the Cover: A view from above, looking down NorthWest Monroe Center Ave., from the Old Steketee Building on the right, to the McKay Tower and finally Amway Grand Plaza in the distance.

The Steketee tall and imposing building was built in 1916 and expanded in 1920. The store expanded in 1940 by building a matching 4-story addition. The Steketee store closed its doors in 2003 and currently is home to MSU Federal Credit Union, BCBS of Michigan, and other offices.

[The McKay Tower](#)

Since its inception as the Wonderly Building in 1914, has grown with Grand Rapids and continues to be the cornerstone of the city's vibrant downtown. From retail, office, residential or elegant event space, McKay Tower offers what you're looking for.

[Amway Grand Plaza](#)

The cornerstone of the Pantlind hotel was laid, and initial construction of the hotel began. Consider other important milestones of the year 1913 to gain some perspective: It was the year of President Gerald R. Ford's birthday, the first year of the income tax and the inspiration for the name of The 1913 Room – now known as Ruth's Chris.

City of Grand Rapids, Michigan

**Annual Comprehensive Financial Report
Year Ended June 30, 2021**

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

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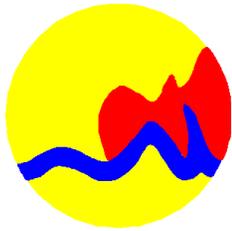
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CITY OF GRAND RAPIDS

December 6, 2021

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 (the City), Michigan for the fiscal year ended June 30, 2021 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, 2021. 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, 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 80,625 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, the TIFA, the SmartZone, the Brownfield, the 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 \$380 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 19 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 54 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 2021 declined 2.7 percent from fiscal year 2020 to \$101.8 million; and revenue from property taxes increased 4.2 percent to \$44.9 million.

The annual budget serves as the foundation for the City's financial planning and control. The annual budget process begins in October 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 202,767, making it the second most populous city in the state of Michigan and the 122nd 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 662,896. The four-county Metropolitan Statistical Area (MSA) has a population of over one million while the Combined Statistical Area includes 1.4 million people (Wikipedia, 2019).

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, and Lacks Enterprises.

The local economy has been affected by COVID-19 during the past year. The Grand Rapids unemployment rate continued to decline from peaks reached in April and May of 2020 due to the pandemic. In June 2021 the unemployment rate was 4.3 percent. Income tax withholding payments during the first half of 2021 were trending down approximately 2.9 percent. Construction activity resumed back to normal levels after delays in FY 20 due to the pandemic, though there have been challenges related to supply chain issues facing the country. Building permitting continued to fall 23 percent compared to the prior year as the pandemic continued into FY 21. Although the current assessed value of most real property remains below the levels of five and ten years ago, commercial property is up and residential property value continues to increase year over year.

To assist the City with maintaining operations throughout the pandemic, the City was awarded various grants from federal, state, and local entities including the Public Safety Public Health Payroll Reimbursement (PSPHPR), the Coronavirus Aid, Relief, and Economic Security (CARES), and the American Rescue Plan Act (ARPA). The PSPHPR and CARES funding was used to cover the costs of personal protection equipment, support public health programs, and cover some personnel expenses for our public safety departments including police and fire during the pandemic. In May 2021, the City received the first of two installments of grant funding from ARPA, with the 2nd installment expected to be received in May 2022. This funding totals about \$90 million and will be used to replace lost revenues as a result of the pandemic, in addition to infrastructure improvements, and public health initiatives. The City continues to evaluate the use of ARPA funds to ensure compliance with federal requirements.

New construction and redevelopment continue both downtown and in the neighborhoods. The City was awarded the Redevelopment Ready Communities certification by the Michigan Economic Development Corporation (MEDC). The local economy continues to out-perform the rest of the state.

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 was awarded Law Enforcement accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA), and the Fire Department became first in the state to achieve Insurance Services Office 1 rating. Among the goals of CALEA are crime prevention and control, fair and nondiscriminatory personnel practices, interagency cooperation and coordination, and community and staff confidence.

The City continues its commitment to the environment earning the 2030 leadership award for Zero Cities Project for its efforts to achieve zero net carbon across its building stock by 2050 recognized by the U.S. Green Building Council-West Michigan Chapter. The City has received the Michigan Green Communities Network gold certification for its environmental sustainability projects including the Property Assessed Clean Energy (PACE) program, and a non-motorized transportation plan. Additionally, the City is part of a public-private coalition bringing autonomous vehicles to its downtown and near downtown area.

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

In June 2011, the City Commission adopted a new fund balance policy that complies with GASB 54 requirements. This policy established five new 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 30 percent of expenditures during fiscal year 2020. The unassigned fund balance of the General Fund ended the current year at 29.9 percent and the Budget Stabilization Fund ended at 9.51 percent of fiscal year 2021 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 61 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, 2020; 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, 2019. 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 time and talent of everyone who contributed to this document. The people who live, work in, or receive services from the City of Grand Rapids might also appreciate the behind-the-scenes work and responsibility that has gone into this description of the City's stewardship of the resources entrusted to it. I would also like to thank the members of the City Commission and the City Manager and his staff for their interest and efforts in planning and conducting the financial operations of the City in a balanced manner.

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**

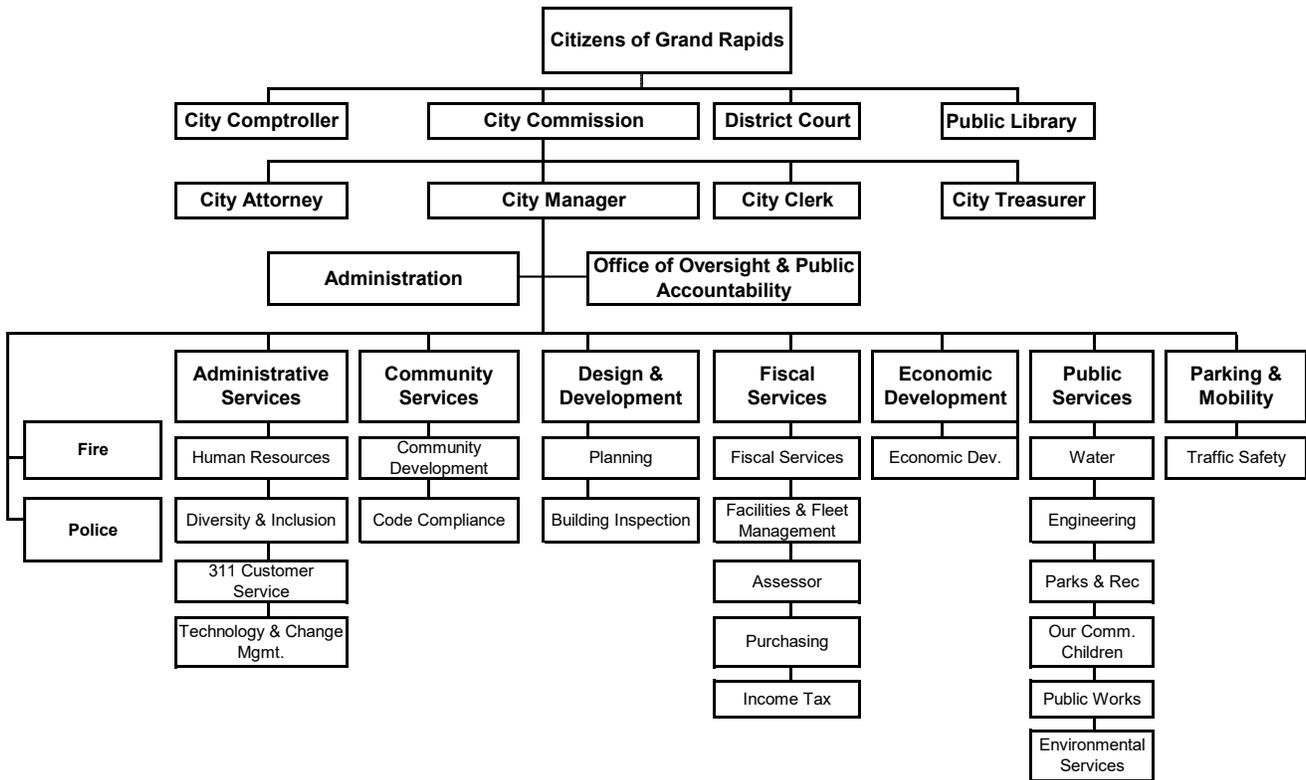
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**City of Grand Rapids
Organizational Chart
FY 2021**



**Principal Officials of the City of Grand Rapids, Michigan
As of June 30, 2021**

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 Financial Statements

We have audited the accompanying 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, 2021 and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of City of Grand Rapids General Retirement System as of and for the year ended June 30, 2021 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2020, which represent 92 percent, 91 percent, and 50 percent 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, 2021 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2020, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan as of June 30, 2021 (December 31, 2020 for the City of Grand Rapids Police and Fire Retirement System) and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which provides guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Rapids, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental 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. Such 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.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of the City of Grand Rapids, Michigan'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 of Grand Rapids, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 6, 2021

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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, 2021. 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, 2021, net position totaled \$798,660,342. The unrestricted portion of this amount, \$38,255,681, 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 decreased by \$32,581,978 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 City's total net position increased by \$38,030,693 during the fiscal year. Governmental activities increased net position by \$24,898,354. Approximately \$10.2 million of this increase was reimbursement of pandemic related expenses incurred in prior year. The remaining increase within governmental activities was primarily due to a result of operating grants and contributions received related to current year pandemic relief. Business-type activities increased net position by \$13,132,339 driven by positive operating results in Water Supply System and Sewer Disposal System funds.
- At June 30, 2021, the City's governmental funds reported combined fund balances of \$146,586,700, a decrease of \$5,653,638 from the previous year. A total of \$4,563,931 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$20,165,368 is *restricted* as to purpose by an outside party, which means \$121,857,401 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 General Fund, a total of \$45,055,336 at June 30, 2021, 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 totaled \$45,055,336 at year-end; an increase of \$8,017,540 from the previous year and 29.9% of 2021 General Fund expenditures. The unassigned fund balance at the end of the year was \$22.5 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 9.51% of current General Fund expenditures is presented as \$14,298,835 in committed fund balance within the General Fund.
- The City redeemed \$17.125 million of old bond obligations in exchange for \$16.855 million of new bonds issued during the fiscal year. The total remaining debt of the City and its component units decreased by \$45,450,355 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.
- During the current fiscal year, the primary government's net pension liability increased \$36,569,898 primarily due to a decrease of the discount rate from 7.15% to 7.0% for the Police and Fire plans in addition to a change in the mortality tables used to determine the basis of assumptions for both plans compared to the prior fiscal year. The impact on pension expense recognition is muted in any one year because differences, positive and negative, between expected and actual changes in the components used to calculate net pension liability are deferred and recognized over the following two, three, or four years as shown on page 73. A total of \$23.4 million in net deferred outflows of resources have been created to reduce pension expense and allow negative experience to be smoothed over the next four years.

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.

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 18-21 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 22-27 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 24 and 27.

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 117-120.

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 116 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 121.

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 28-31 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 122-124.

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 32-33 of this report with important additional detail on pages 131-132.

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 38-96 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 97-114 following the notes to financial statements.

At the end of the report, on pages 135-155 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.

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 304,974,117	\$ 255,954,426	\$ 231,793,503	\$ 245,724,650	\$ 536,767,620	\$ 501,679,076
Capital assets, net of accumulated depreciation	317,334,404	306,628,146	909,712,813	899,614,236	1,227,047,217	1,206,242,382
Total Assets	<u>622,308,521</u>	<u>562,582,572</u>	<u>1,141,506,316</u>	<u>1,145,338,886</u>	<u>1,763,814,837</u>	<u>1,707,921,458</u>
Deferred outflows of resources	59,258,415	38,596,532	21,140,750	17,937,101	80,399,165	56,533,633
Current liabilities	85,297,849	34,775,448	8,065,374	36,065,607	93,363,223	70,841,055
Non-current liabilities	324,386,491	348,147,914	556,409,682	544,025,094	880,796,173	892,173,008
Total Liabilities	<u>409,684,340</u>	<u>382,923,362</u>	<u>564,475,056</u>	<u>580,090,701</u>	<u>974,159,396</u>	<u>963,014,063</u>
Deferred inflows of resources	66,716,148	37,987,648	4,678,116	2,823,731	71,394,264	40,811,379
Net investment in capital assets	257,859,021	229,721,640	440,122,469	441,758,325	697,981,490	671,479,965
Restricted net position	24,647,736	32,130,138	37,775,435	36,073,946	62,423,171	68,204,084
Unrestricted net position	(77,340,309)	(81,583,684)	115,595,990	102,529,284	38,255,681	20,945,600
Total Net Position	<u>\$ 205,166,448</u>	<u>\$ 180,268,094</u>	<u>\$ 593,493,894</u>	<u>\$ 580,361,555</u>	<u>\$ 798,660,342</u>	<u>\$ 760,629,649</u>

Total net position at June 30, 2021 was \$798,660,342, an increase of \$38,030,693 from the net position at June 30, 2020 of \$760,629,649.

The City's current and other assets increased by \$35,088,544 or 6.99%. Governmental activities saw a \$49,019,691 increase in current and other assets attributable to higher receipts with less purchases and receipt of American Rescue Plan Act (ARPA) funds offset by \$13.0 million decrease in receivables. Business type activities saw a \$13,931,147 decrease in current and other assets primarily due to the reduction of restricted assets required by certain bond issues during the year.

Total deferred outflows of resources increased by \$23,865,532 during the year. The increase was mainly due to the net difference between projected and actual earnings on pension plan investments and changes in assumptions about economic and demographic factors related to pensions. Such 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. See Note 7 Pension Plans on pages 69-76 for additional information.

The total liabilities of the primary government increased 1.16% or \$11,145,333. Current liabilities increased \$22,522,168 or 31.79%. Non-current liabilities decreased \$11,376,835 or 1.28%.

Total deferred inflows of resources increased by \$30,582,885 during the year primarily from the net difference between OPEB expected and actual experience with regard to economic and demographic factors. Such differences 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 6.9 years for Police plan participants, 7.2 years for Fire plan personnel and 8.4 years for General plan participants.

By far, the largest portion of the City’s net position (87.4%) 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* \$38,255,681, 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 \$45 million of the General Fund’s *unassigned* fund balance shown on page 22 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 \$22.5 million more than the target goal in the fund balance policy.

At June 30, 2021, the City is able to report positive balances in all three categories of net position.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)						
	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Land	\$ 27,055,048	\$ 25,852,182	\$ 14,706,068	\$ 14,706,068	\$ 41,761,116	\$ 40,558,250
Easements/Right of Way	1,323,115	1,260,825	3,132,850	3,065,549	4,455,965	4,326,374
Land improvements	28,987,008	27,561,926	11,405,145	8,834,443	40,392,153	36,396,369
Buildings and structures	57,587,177	60,745,398	103,843,353	89,651,200	161,430,530	150,396,598
Storage tanks	-	-	9,323,082	9,433,567	9,323,082	9,433,567
Machinery and equipment	17,191,874	16,323,124	151,819,829	83,080,224	169,011,703	99,403,348
Motor vehicles	26,577,924	23,938,133	2,914,456	3,539,088	29,492,380	27,477,221
Furniture	6,552	35,017	7,150	7,384	13,702	42,401
Software	8,224	52,425	-	19,305	8,224	71,730
Water and sewer mains	-	-	581,675,592	583,230,789	581,675,592	583,230,789
Infrastructure	112,286,516	107,765,683	-	-	112,286,516	107,765,683
Construction in progress	46,310,966	43,093,433	30,885,288	104,046,619	77,196,254	147,140,052
Total	\$ 317,334,404	\$ 306,628,146	\$ 909,712,813	\$ 899,614,236	\$ 1,227,047,217	\$ 1,206,242,382

Capital assets: The City’s investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$1,227,047,217 (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) totaled \$134.4 million. Major capital asset events during the current fiscal year included the following:

- Various additions and improvements were completed in the Water Supply System at a cost of \$30,558,427. Construction in progress on additional projects as of June 30, 2021 totaled \$23,993,665.
- Various additions and improvements were completed in the Sewage Disposal System at a total cost of \$85,571,847. Construction in progress in on-going projects at the close of the fiscal year increased to a total of \$6,707,215.
- Street Lighting additions and improvements were completed at a cost of \$4,660,311. Construction in progress on additional projects at June 30, 2021 totaled \$1,091,178.
- Street Infrastructure additions and improvements were completed at a cost of \$8,967,917. Construction in progress on additional projects at June 30, 2021 totaled \$31,275,318.

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

City of Grand Rapids' Outstanding Debt						
Limited Tax Bonds, Revenue Bonds and Long-term Contracts						
	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Limited tax pledge bonds	\$ 30,385,038	\$ 50,775,800	\$ 23,177,762	\$ 24,740,000	\$ 53,562,800	\$ 75,515,800
Revenue bonds	16,850,000	18,735,000	418,519,480	431,604,480	435,369,480	450,339,480
Long-term contracts	10,735,000	11,456,300	638,460	871,814	11,373,460	12,328,114
Total	<u>\$ 57,970,038</u>	<u>\$ 80,967,100</u>	<u>\$ 442,335,702</u>	<u>\$ 457,216,294</u>	<u>\$ 500,305,740</u>	<u>\$ 538,183,394</u>

Long-term debt: At June 30, 2021 the City had total long-term debt outstanding of \$500,305,740. Of this amount, \$53,562,800 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, 2021 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$27,621,425 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 2021. Additional information on the City’s long-term debt can be found in note 6 of the notes to the financial statements.

Changes in Net Position

	City of Grand Rapids' Changes in Net Position					
	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total Primary Government 2021	Total Primary Government 2020
Revenue:						
Program Revenue:						
Charges for services	\$ 38,742,616	\$ 38,179,459	\$ 126,024,867	\$ 126,960,489	\$ 164,767,483	\$ 165,139,948
Operating grants and contributions	58,468,438	37,619,348	684,887	616,323	59,153,325	38,235,671
Capital grants and contributions	1,250,844	2,171,218	15,310,402	5,244,502	16,561,246	7,415,720
General Revenue:						
Property taxes	44,952,942	43,167,224	-	-	44,952,942	43,167,224
City Income taxes	101,814,872	104,590,639	-	-	101,814,872	104,590,639
Unrestricted state-shared revenue	24,077,656	20,853,440	-	-	24,077,656	20,853,440
Unrestricted investment income	3,722,329	10,265,778	987,174	6,566,634	4,709,503	16,832,412
Miscellaneous	514,763	206,916	876,428	635,844	1,391,191	842,760
Gain (loss) on sale of capital assets	206,001	-	(11,535)	-	194,466	-
Total Revenue	<u>273,750,461</u>	<u>257,054,022</u>	<u>143,872,223</u>	<u>140,023,792</u>	<u>417,622,684</u>	<u>397,077,814</u>
Expenses:						
General government	39,126,873	40,282,684	-	-	39,126,873	40,282,684
Public safety	97,300,350	106,538,215	-	-	97,300,350	106,538,215
Public works	60,070,801	61,821,864	-	-	60,070,801	61,821,864
Recreation and Culture	25,427,655	19,476,730	-	-	25,427,655	19,476,730
Urban & Community Development	23,972,817	21,167,228	-	-	23,972,817	21,167,228
Interest on long-term debt	2,295,664	1,440,151	-	-	2,295,664	1,440,151
Water Supply System	-	-	44,905,277	43,039,468	44,905,277	43,039,468
Sewage Disposal System	-	-	63,941,043	59,197,195	63,941,043	59,197,195
Parking System	-	-	20,070,059	19,019,579	20,070,059	19,019,579
Other Enterprises	-	-	2,481,452	2,895,949	2,481,452	2,895,949
Total Expenses	<u>248,194,160</u>	<u>250,726,872</u>	<u>131,397,831</u>	<u>124,152,191</u>	<u>379,591,991</u>	<u>374,879,063</u>
Change in Net Position before Transfers	25,556,301	6,327,150	12,474,392	15,871,601	38,030,693	22,198,751
Transfers	(657,947)	(1,096,255)	657,947	1,096,255	-	-
Change in Net Position	24,898,354	5,230,895	13,132,339	16,967,856	38,030,693	22,198,751
Net Position - beginning	180,268,094	175,037,199	580,361,555	563,393,699	760,629,649	738,430,898
Net Position - ending	<u>\$ 205,166,448</u>	<u>\$ 180,268,094</u>	<u>\$ 593,493,894</u>	<u>\$ 580,361,555</u>	<u>\$ 798,660,342</u>	<u>\$ 760,629,649</u>

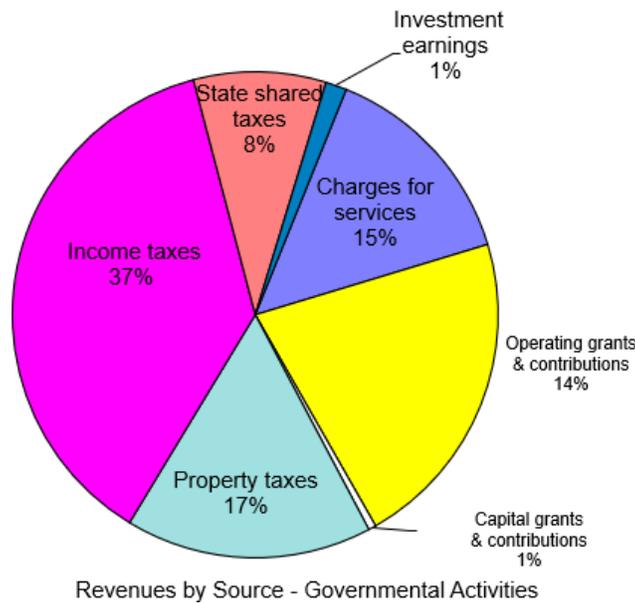
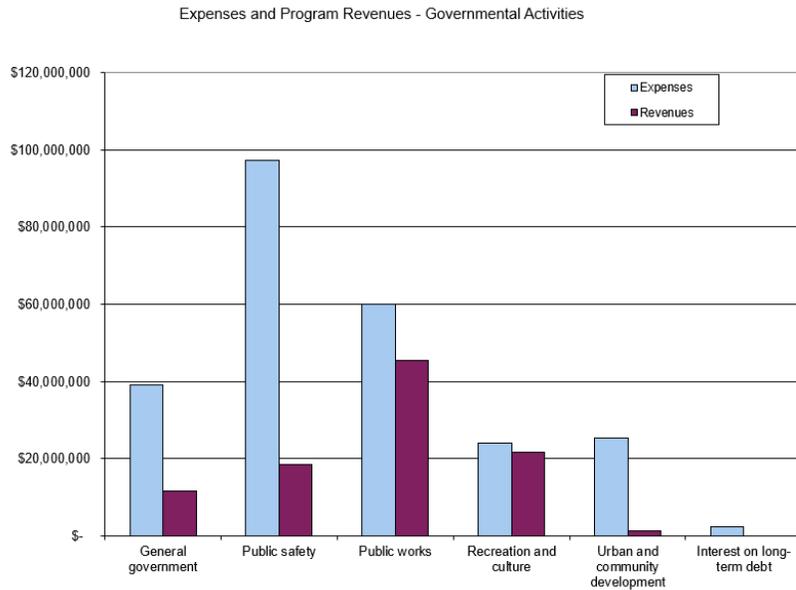
Governmental activities: Governmental activities increased the City’s net position by \$24,898,354. Key elements within this change are as follows:

- Tax revenues increased by \$2.23 million in FY 21. A \$2.78 million decrease in income taxes was offset by \$1.79 million increase in property taxes and \$3.22 million increase in state shared taxes. The increase in operating grants and contributions is primarily related to \$14.4 million received from for pandemic assistance from various sources. Capital grants and contributions increase is primarily related to private contributions received related to relocation of sewer trunkline along Market Avenue.
- Public safety expenses decreased \$9.24 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 the entire decrease in expenses this year.
- Public safety expenses, primarily police and fire department personnel costs, remain the largest single category of City spending.
- General government expense decreased \$1.2 million mainly due to decreased capital outlay expense.
- Public works expenses decreased \$1.8 million from the prior year. Most of the decrease was capital outlay expense.

City of Grand Rapids, Michigan

Management’s Discussion and Analysis (Continued)

- Recreation and Culture expenses increased \$5.9 million. Most of the increase was capital outlay expenses related to park improvement projects conducted while parks were closed to public.
- Unrestricted investment earnings in 2021 were down \$6.5 million from the prior year. Rate of returns fluctuated throughout the year in addition to all investment portfolio comprised of low-yield investments.

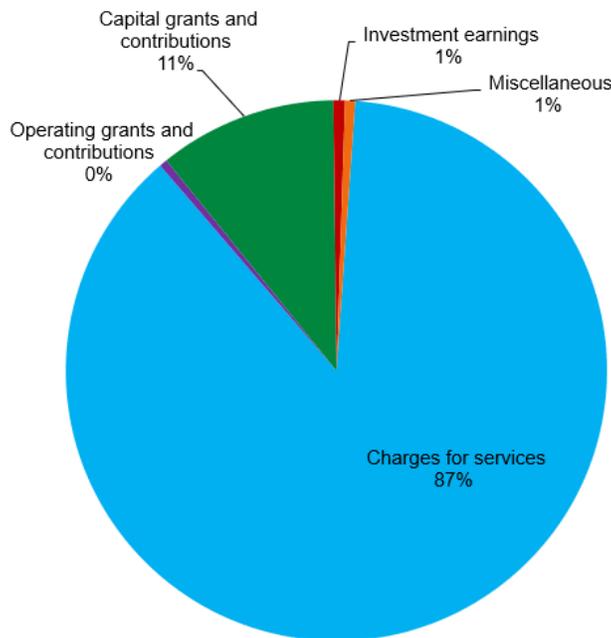
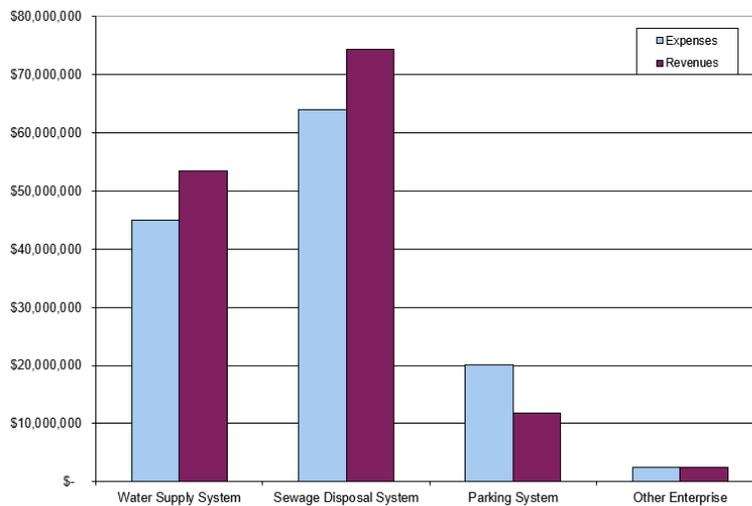


Business-type activities: Business-type activities increased the City’s net position by \$13,132,339. The key elements of this increase are as follows:

- The Water System’s billed volume increased 9.81% over the previous year’s billed volume largely due to dry weather conditions in the fall of 2020 when compared to wet weather conditions in the fall of 2019. An increase in billed volume, combined with a mid-year rate increase of 0.62% resulted in an overall increase in sales by \$2 million.

- The Sewer System’s billed volume decreased 2.88% over the previous year’s billed volume largely due to dry weather conditions and a reduction in infiltration and inflow as a result of sewer lining projects. In addition, the System also experienced further impacts of the COVID-19 pandemic through partial or total closures of commercial businesses and schools. A mid-year rate increase of 7.92% resulted in an overall increase in sales by approximately \$401,000.
- The Parking System had an operating loss of \$8,076,160 before capital contributions during the year. This was primarily due to continuing effect of the COVID-19 pandemic on public events, which had significant impacts to Events, Daily and On-Street Parking revenues.
- The three major funds 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

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, 2021, the City's governmental funds reported combined ending fund balances of \$146,586,700. Of this total, all but \$45,055,336 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 94.

The General Fund is the primary operating fund of the City. At June 30, 2021, the fund had an unassigned fund balance of \$45,055,336. 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 29.9% and 49.1%, respectively, of total fiscal year 2021 General Fund expenditures, compared to the unassigned and total fund balance representing 25.6% and 44.3% of fund expenditures a year earlier. The fund's fund balance increased \$9,707,601 during fiscal year 2021. As originally adopted, the budget anticipated an increase in fund balance of \$1,690,585. Three things explain most of the \$8.0 million difference. Federal grants were \$13.4 million over the initial budget estimate, program income (comprised of charges for services, fines and forfeitures and licenses and permits) was down about \$2.0 million and public safety expenditures were \$1.4 million in excess of the original estimate.

The Major Street Fund saw a decrease of \$9,168,137 in fund balance. This is mainly due to an increase in debt service payments from prior year of \$14.9 million offset by \$1.2 million increase in revenue.

The Local Street Fund saw an increase of \$644,687 in fund balance. While revenues increased by a little over \$600,000 from the prior year, expenditures were lower for contractual services and supplies resulting in the slight fund balance increase.

The fund balance of the General Capital Construction Fund saw a decrease in fund balance of \$3,737,018. This is due to a loss in revenues related to low return on investments as well as reduced funding from grants and contributions. Expenditures decreased slightly however were in line with departmental capital improvement plans. Expenditures included park improvements and HVAC upgrades for both the library branches and fire departments.

The fund balances of the City's non-major governmental funds had a decrease of \$3,100,771, primarily related to building inspections and community dispatch. Building inspection revenues were down \$1.4 million while expenses were consistent with the prior fiscal year; this is due to reduced operations caused directly by the pandemic. The community dispatch fund was closed at fiscal year end and financial activity moved to the general fund as the funds main source of revenues now come from the general fund

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, Parking System and non-major enterprise funds at the end of the year amounted to \$102,923,772. The total net position for enterprise funds is \$580,821,676, 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.

General Fund Budgetary Highlights

During the year the general operating fund budget increased by \$8,452,302. The changes were:

- \$3,762,281 was appropriated from Kent County CARES Act funding and the State of Michigan Coronavirus Relief Local Government Grants Program (CRLGG) for the City's response to the coronavirus pandemic and related restrictions as well as initiatives to aid with economic recovery and relief efforts.
- \$600,000 was appropriated to cover the expense associated with Fire Department hazard leave payments related to COVID-19.
- \$280,852 was appropriated from a Center for Tech and Civic Life grant award for implementing a Safe Voting Plan for the 2020 elections.
- \$188,753 was appropriated for the planned FY 2020 replacement of five Fire Department vehicles that was delayed due to COVID and associated supply chain issues.
- \$893,417 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.
- \$2,550,000 was appropriated to accelerate payment of the General Fund's commitment to the Vital Streets program in order to complete a series 2015 (2nd series) Vital Streets bond balloon payment
- \$98,000 was appropriated to hire an Administrative Analyst II in the Planning Department to serve as the City's "Cannabis Manager."
- \$10,000 was appropriated from a Wege Foundation grant award to hire a facilitator on behalf of the Community Collaboration on Climate Change.

The adopted contingency budget was \$1,726,059 of which \$1,468,471 was allocated to specific projects. Contingency appropriation was provided for the following:

- \$270,000 was appropriated for emergency maintenance costs associated with Knapp's Corner Drain District.
- \$1,198,471 was appropriated to transfer to the District Court Fund to eliminate the projected deficit in that fund.

Actual departmental and other expenditures and transfers-out in the General Fund were \$1,004,326 below amended appropriations, which included a budgeted appropriation lapse of \$5,217,134.

Budgetary basis revenues for the year ended June 30, 2021 were \$2,640,073 higher than the amended budget. The primary driver of this increase was in revenue sharing (state grants) which was 24% overbudget offset by shortfalls in other revenues such as Charges for Services and Licenses & Permits. The revenue budget was amended to recognize \$13,315,038 in anticipated COVID relief grants, \$66,944 less than actually received. In May 2021, the City received the first of two installments under the American Rescue Plan Act (ARPA) grant totaling \$46,139,750. No FY 2021 budget amendments were made in relation to this funding. Income Tax revenue was forecast to decline substantially in FY 2021 due to decreased 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 worked from home. Additional loss of income tax revenue was anticipated as a result of increased unemployment shifting taxable wages to non-taxable unemployment compensation. However, due to a number of factors including a substantial increase in compliance revenue (generated by addressing a backlog of income tax compliance work) and a City of Detroit court ruling with favorable implications for other municipalities such as Grand Rapids, FY 2021 General Fund income tax revenue missed the adopted budget forecast by only \$99,230.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2022 (FY 2022) 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 2022 is to maintain continuity of services, nurture the momentum of recovery, and provide transformational investments where possible. The relief that has been afforded to the City of Grand Rapids from ARPA funds as well as other federal, state, and county resources, enabled us to sustain services in FY 2021 and support budgets that maintain our current level of service in FY 2022, FY 2023 and FY 2024. Even with our strong reserves and the infusion of ARPA funds, we need continued innovation and strong economic growth in the out years of this five-year plan to secure a strong financial future.

FY 2022 is the sixteenth 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. 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 the pandemic has spurred permanent change in the way companies do business. It has yet to be 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 recovery 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. Given the unpredictable duration of the pandemic, 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 2021, the FY 2022 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. On average, wages are projected to increase 2.5% in FY 2022 in accordance with bargained union contracts. Although future wage increases are anticipated, none were forecast beyond FY 2022. Labor negotiations are expected to begin in January of 2022 for the next contract period beginning July 2022 through June 2025. To offset these necessary increases, departments were directed to absorb as much of them as possible without impacting services provided to the public. Beyond the continuation level, the only recommended personnel changes or departmental budget increases were for compliance or to aid in pandemic response or local economic recovery. It is anticipated that the City will leverage the majority of ARPA relief money to replace revenue shortfalls, 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 at least in the short term and will not have to make drastic reductions that would jeopardize staff employment or services to the public. Another specified use is to "respond to the public health emergency or its negative economic impacts." This relief funding also provides leadership with time to consider longer-term cost saving measures or revenue enhancements that will start to correct long-term structural problems.

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 for a significant portion of 2020.

The adopted budget for FY 2022 forecasts a 2.0% increase in local income tax collections above the FY 2021 estimated revenue, or 13.7% below the actual FY 2021 results. Staff will closely monitor FY 2022 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 2021 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 \$6.33 million in FY 2022, 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.

FY 2022 is the first year in which the Dispatch Department was budgeted in the General Fund due to the majority of the department's funding being derived from a General Fund Subsidy. Previously, the City maintained a separate Special Revenue fund for Dispatch operations while receiving funding from both the Kent County Dispatch Authority and the City of Wyoming, with whom the City partnered to operate call taking and dispatch operations. In FY 2021, the General Fund received an accumulated fund balance transfer of \$1,925,766 from the Community Dispatch Fund. Dispatch Department appropriations in the General Fund totaled approximately \$6.1 million in FY 2022.

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. 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 2022 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. 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.

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.



June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Equity in pooled cash and investments (Note 2)	\$ 287,781,839	\$ 132,198,896	\$ 419,980,735	\$ 32,219,154
Receivables:				
Receivables - Net	10,674,975	24,209,289	34,884,264	703,023
Accrued interest receivable	-	-	-	1,919
Due from other governments	10,636,587	-	10,636,587	96,135
Internal balances	(12,672,218)	12,672,218	-	-
Inventory	2,440,137	2,963,443	5,403,580	-
Prepaid expenses and other assets	-	128,520	128,520	-
Restricted assets (Note 4)	6,112,797	56,924,356	63,037,153	-
Investment in joint ventures (Note 1)	-	2,472,900	2,472,900	-
Capital assets: (Note 5)				
Assets not subject to depreciation	74,689,129	48,724,206	123,413,335	11,008,005
Assets subject to depreciation - Net	242,645,275	860,988,607	1,103,633,882	13,580,604
Other assets	-	223,881	223,881	-
Total assets	622,308,521	1,141,506,316	1,763,814,837	57,608,840
Deferred Outflows of Resources				
Deferred charges on bond refunding	2,429,883	10,453,528	12,883,411	565,282
Deferred outflows related to pensions (Notes 7 and 8)	48,533,868	9,860,893	58,394,761	3,141,531
Deferred outflows related to OPEB (Notes 10 and 11)	8,294,664	826,329	9,120,993	362,165
Total deferred outflows of resources	59,258,415	21,140,750	80,399,165	4,068,978
Liabilities				
Vouchers and accounts payable	34,613,782	6,052,526	40,666,308	6,500,853
Due to other governmental units	156,905	-	156,905	-
Accrued liabilities and other	557,376	10,149,537	10,706,913	112,105
Due to participants	-	-	-	1,431,618
Unearned revenue	47,608,338	998,311	48,606,649	71,704
Customer deposits	2,361,448	-	2,361,448	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets:				
Interest payable from restricted assets	-	1,643,133	1,643,133	-
Principal payable from restricted assets (Note 6)	-	15,530,000	15,530,000	-
Current portion of compensated absences	6,082,566	1,233,839	7,316,405	321,611
Current portion of claims payable	4,181,887	-	4,181,887	-
Current portion of bonds and contracts payable (Note 6)	5,760,238	1,945,257	7,705,495	6,610,000
Due in more than one year:				
Compensated absences	8,820,519	1,789,228	10,609,747	466,376
Provision for claims	337,211	-	337,211	-
Net pension liability (Notes 7 and 8)	215,622,479	38,506,551	254,129,030	12,254,987
Net OPEB liability (Notes 10 and 11)	26,993,589	4,373,942	31,367,531	1,834,814
Bonds, contracts, and notes payable (Note 6)	56,588,002	482,252,732	538,840,734	1,980,536
Total liabilities	409,684,340	564,475,056	974,159,396	31,584,604
Deferred Inflows of Resources				
Deferred inflows related to pensions (Notes 7 and 8)	20,927,250	211,745	21,138,995	67,389
Deferred inflows related to OPEB (Notes 10 and 11)	45,788,898	4,466,371	50,255,269	1,873,587
Total deferred inflows of resources	66,716,148	4,678,116	71,394,264	1,940,976

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Statement of Net Position (Continued)

June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 257,859,021	\$ 440,122,469	\$ 697,981,490	\$ 18,143,355
Restricted:				
Public works	16,103,785	-	16,103,785	-
Debt service	-	37,775,435	37,775,435	-
Public safety	1,515,638	-	1,515,638	-
Authorized projects	-	-	-	21,948,450
Culture and recreation	539,710	-	539,710	-
Urban and community development	3,254,560	-	3,254,560	-
Grants	138,708	-	138,708	-
Nonexpendable - Perpetual care	3,081,065	-	3,081,065	-
Nonexpendable - Culture and recreation	14,270	-	14,270	-
Unrestricted	(77,340,309)	115,595,990	38,255,681	(11,939,567)
	\$ 205,166,448	\$ 593,493,894	\$ 798,660,342	\$ 28,152,238

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	\$ 39,126,873	\$ 10,657,737	\$ 934,836	\$ -
Public safety	97,300,350	1,500,363	16,896,486	-
Public works	60,070,801	16,382,361	27,930,533	1,250,844
Urban and community development	23,972,817	9,790,125	11,909,999	-
Recreation and culture	25,427,655	412,030	796,584	-
Interest on long-term debt	2,295,664	-	-	-
Total governmental activities	248,194,160	38,742,616	58,468,438	1,250,844
Business-type activities:				
Water Supply System	44,905,277	51,237,955	55,637	2,148,044
Sewer Disposal System	63,941,043	60,694,116	505,594	13,162,358
Parking System	20,070,059	11,676,256	123,212	-
Other Enterprise	2,481,452	2,416,540	444	-
Total business-type activities	131,397,831	126,024,867	684,887	15,310,402
Total primary government	\$ 379,591,991	\$ 164,767,483	\$ 59,153,325	\$ 16,561,246
Component units:				
Downtown Development Authority	\$ 13,424,799	\$ 434,494	\$ 297,285	\$ -
Tax Increment Finance Authority	452,410	-	134,479	-
Smartzone Local Development Financing Authority	2,075,013	-	367,020	-
Brownfield Redevelopment Authority	11,108,583	196,152	191,258	-
Corridor Improvement Authority	586,524	-	4,450	-
61st District Court	16,254,418	3,713,782	9,334,370	-
Total component units	\$ 43,901,747	\$ 4,344,428	\$ 10,328,862	\$ -
General revenue:				
Taxes:				
Property taxes				
Income taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Gain (loss) 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, 2021

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (27,534,300)	\$ -	\$ (27,534,300)	\$ -	-
(78,903,501)	-	(78,903,501)	-	-
(14,507,063)	-	(14,507,063)	-	-
(2,272,693)	-	(2,272,693)	-	-
(24,219,041)	-	(24,219,041)	-	-
(2,295,664)	-	(2,295,664)	-	-
(149,732,262)	-	(149,732,262)	-	-
-	8,536,359	8,536,359	-	-
-	10,421,025	10,421,025	-	-
-	(8,270,591)	(8,270,591)	-	-
-	(64,468)	(64,468)	-	-
-	10,622,325	10,622,325	-	-
(149,732,262)	10,622,325	(139,109,937)	-	-
-	-	-	(12,693,020)	-
-	-	-	(317,931)	-
-	-	-	(1,707,993)	-
-	-	-	(10,721,173)	-
-	-	-	(582,074)	-
-	-	-	(3,206,266)	-
-	-	-	(29,228,457)	-
44,952,942	-	44,952,942	27,758,941	-
101,814,872	-	101,814,872	-	-
24,077,656	-	24,077,656	-	-
3,722,329	987,174	4,709,503	359,426	-
206,001	(11,535)	194,466	207,670	-
514,763	876,428	1,391,191	-	-
175,288,563	1,852,067	177,140,630	28,326,037	-
(657,947)	657,947	-	-	-
24,898,354	13,132,339	38,030,693	(902,420)	-
180,268,094	580,361,555	760,629,649	29,054,658	-
\$ 205,166,448	\$ 593,493,894	\$ 798,660,342	\$ 28,152,238	\$ -

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Assets				
Equity in pooled cash and investments (Note 2)	\$ 132,106,289	\$ 10,116,364	\$ 1,422,705	\$ 17,685,852
Receivables:				
Receivables - Net	6,988,848	1,391,208	10,789	455,002
Due from other governments	4,071,883	3,164,335	856,608	463,812
Inventory	416,721	1,034,555	-	-
Total assets	\$ 143,583,741	\$ 15,706,462	\$ 2,290,102	\$ 18,604,666
Liabilities				
Vouchers and accounts payable	\$ 22,522,930	\$ 1,867,461	\$ 25,318	\$ 1,044,134
Due to other governmental units	99,249	-	-	-
Unearned revenue	45,384,719	-	-	-
Customer deposits	414,268	-	-	522,559
Total liabilities	68,421,166	1,867,461	25,318	1,566,693
Deferred Inflows of Resources				
Unavailable revenue - Special assessments	-	-	-	96,489
Unavailable revenue	1,284,001	121,435	-	-
Total deferred inflows of resources	1,284,001	121,435	-	96,489
Total liabilities and deferred inflows of resources	69,705,167	1,988,896	25,318	1,663,182
Fund Balances				
Nonspendable:				
Inventory	416,721	1,034,555	-	-
Nonexpendable/Endowment	-	-	-	-
Restricted: (Note 17)				
Grants	-	-	-	-
Authorized projects	-	-	-	504,580
Public safety	-	-	-	-
Urban and community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	12,683,011	2,264,784	-
Committed: (Note 17)				
Authorized projects	223,002	-	-	16,436,904
Other purposes	14,298,835	-	-	-
Assigned: (Note 17)				
Ensuing budget year	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	1,925,766	-	-	-
Urban and community development	77,581	-	-	-
Public works	-	-	-	-
Compensated absences	10,814,495	-	-	-
Other purposes	1,066,838	-	-	-
Unassigned	45,055,336	-	-	-
Total fund balances	73,878,574	13,717,566	2,264,784	16,941,484
Total liabilities, deferred inflows of resources, and fund balances	\$ 143,583,741	\$ 15,706,462	\$ 2,290,102	\$ 18,604,666

Governmental Funds Balance Sheet

June 30, 2021

Nonmajor Governmental Funds	Total Governmental Funds
\$ 47,343,237	\$ 208,674,447
1,106,063	9,951,910
2,079,949	10,636,587
17,320	1,468,596
\$ 50,546,569	\$ 230,731,540
\$ 5,757,123	\$ 31,216,966
-	99,249
2,100,013	47,484,732
1,424,621	2,361,448
9,281,757	81,162,395
735,911	832,400
744,609	2,150,045
1,480,520	2,982,445
10,762,277	84,144,840
17,320	1,468,596
3,095,335	3,095,335
138,708	138,708
-	504,580
1,515,638	1,515,638
2,518,937	2,518,937
539,710	539,710
-	14,947,795
2,267,023	18,926,929
1,496,406	15,795,241
24,390	24,390
10,708,408	10,708,408
331,820	2,257,586
7,090,913	7,168,494
6,585,373	6,585,373
1,870,041	12,684,536
1,584,270	2,651,108
-	45,055,336
39,784,292	146,586,700
\$ 50,546,569	\$ 230,731,540

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Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 146,586,700
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	922,043,299
Accumulated depreciation	<u>(627,120,667)</u>
Net capital assets used in governmental activities	294,922,632
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	2,982,445
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	52,239,777
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	(64,707,463)
Bonds and contracts payable and related premiums are not due and payable in the current period and are not reported in the funds	(62,332,511)
Accrued interest is not due and payable in the current period and is not reported in the funds	(557,181)
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	(13,739,819)
Net pension liability	(199,089,019)
Net OPEB liability	(25,115,508)
Deferred charges related to bond refunding are not due and payable in the current period and are not reported in the funds	2,429,343
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>71,547,052</u>
Net Position of Governmental Activities	<u><u>\$ 205,166,448</u></u>

City of Grand Rapids, Michigan

	General Fund	Major Streets	Local Streets	General Capital Construction
Revenue				
Taxes:				
Property taxes	\$ 15,337,536	\$ -	\$ -	\$ 6,016,802
Income taxes	84,489,541	11,403,604	-	3,749,952
Intergovernmental:				
Federal grants	13,381,982	594,673	714	-
State sources:				
State-shared taxes	21,138,025	19,486,153	5,231,480	2,782,864
State grants	1,234,406	-	-	85,820
Other grants and contributions	407,830	25,000	-	1,207,920
Charges for services	13,762,958	2,906,812	717,618	45,408
Fines and forfeitures	1,919,786	-	-	-
Licenses and permits	2,317,680	-	-	-
Investment earnings (losses)	1,027,480	(75,178)	4,061	158,337
Other revenue	413,904	110,035	42,770	49,249
Total revenue	155,431,128	34,451,099	5,996,643	14,096,352
Expenditures				
Current services:				
General government	34,663,729	-	-	141,688
Public safety	88,438,490	-	-	1,455,356
Public works	6,032,431	11,553,736	5,036,328	-
Urban and community development	6,006,424	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	5,181,299	3,065,938	10,993,237
Debt service:				
Principal	-	17,140,000	-	1,312,458
Interest and fiscal charges	-	862,060	-	1,000,650
Total expenditures	135,141,074	34,737,095	8,102,266	14,903,389
Excess of Revenue Over (Under) Expenditures	20,290,054	(285,996)	(2,105,623)	(807,037)
Other Financing Sources (Uses)				
Transfers in (Note 12)	4,616,570	4,029,219	3,104,645	80,000
Transfers out (Note 12)	(15,199,023)	(12,911,360)	(354,335)	(3,009,981)
Issuance of refunding bonds	-	-	-	-
Debt premium or discount	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing (uses) sources	(10,582,453)	(8,882,141)	2,750,310	(2,929,981)
Net Change in Fund Balances	9,707,601	(9,168,137)	644,687	(3,737,018)
Fund Balances - Beginning of year	64,170,973	22,885,703	1,620,097	20,678,502
Fund Balances - End of year	\$ 73,878,574	\$ 13,717,566	\$ 2,264,784	\$ 16,941,484

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

Nonmajor Governmental Funds	Total Governmental Funds
\$ 23,598,604	\$ 44,952,942
2,171,775	101,814,872
10,661,209	24,638,578
156,767	48,795,289
867,129	2,187,355
5,266,717	6,907,467
14,766,567	32,199,363
17,656	1,937,442
3,226,553	5,544,233
185,870	1,300,570
160,448	776,406
61,079,295	271,054,517
845,440	35,650,857
7,696,061	97,589,907
17,558,357	40,180,852
16,667,624	22,674,048
22,063,780	22,063,780
13,182,929	32,423,403
4,341,579	22,794,037
927,811	2,790,521
83,283,581	276,167,405
(22,204,286)	(5,112,888)
24,111,072	35,941,506
(5,082,445)	(36,557,144)
3,867,238	3,867,238
265,029	265,029
(4,060,049)	(4,060,049)
2,670	2,670
19,103,515	(540,750)
(3,100,771)	(5,653,638)
42,885,063	152,240,338
\$ 39,784,292	\$ 146,586,700

Governmental Funds

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

Year Ended June 30, 2021

Net Change in Fund Balance Reported in Governmental Funds	\$ (5,653,638)
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	33,692,065
Depreciation expense	(19,095,881)
Net book value of assets disposed of	(3,397,316)
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	(313,557)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(4,132,267)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	26,859,037
Changes in deferred amounts on refunding of bonds are not reported in governmental funds	(388,575)
Changes in accrued interest expense is not reported in governmental funds	238,685
Changes in unamortized premiums on bonds are not reported in governmental funds	640,448
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	(7,551,014)
Internal service funds are included as part of governmental activities	4,000,367
Change in Net Position of Governmental Activities	\$ 24,898,354

Proprietary Funds
Statement of Net Position

June 30, 2021

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 52,548,118	\$ 56,753,429	\$ 19,672,081	\$ 3,225,268	\$ 132,198,896	\$ 79,107,392
Receivables - Net	9,629,930	13,457,149	1,039,708	82,502	24,209,289	723,065
Inventory	1,991,017	969,483	-	2,943	2,963,443	971,541
Prepaid expenses and other assets	-	-	128,520	-	128,520	-
Restricted assets (Note 4)	5,640,480	11,532,653	-	-	17,173,133	6,112,797
Total current assets	69,809,545	82,712,714	20,840,309	3,310,713	176,673,281	86,914,795
Noncurrent assets:						
Restricted assets (Note 4)	16,953,444	22,797,779	-	-	39,751,223	-
Investment in joint ventures (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Assets not subject to depreciation	29,662,718	12,229,756	6,826,477	5,255	48,724,206	233,281
Assets subject to depreciation - Net	347,383,515	470,837,953	39,574,162	3,192,977	860,988,607	22,178,491
Other assets	-	-	-	223,881	223,881	-
Total noncurrent assets	393,999,677	508,338,388	46,400,639	3,422,113	952,160,817	22,411,772
Total assets	463,809,222	591,051,102	67,240,948	6,732,826	1,128,834,098	109,326,567
Deferred Outflows of Resources						
Deferred charges on bond refunding	2,895,744	6,375,043	1,182,741	-	10,453,528	540
Deferred outflows related to pensions (Notes 7 and 8)	4,255,531	4,001,016	1,411,277	193,069	9,860,893	4,233,946
Deferred outflows related to OPEB (Notes 10 and 11)	356,516	335,372	118,260	16,181	826,329	354,809
Total deferred outflows of resources	7,507,791	10,711,431	2,712,278	209,250	21,140,750	4,589,295
Liabilities						
Current liabilities:						
Vouchers and accounts payable	2,311,526	2,247,788	1,344,748	148,464	6,052,526	3,396,816
Due to other governmental units	-	-	-	-	-	57,656
Accrued interest payable	2,967,522	7,017,708	164,307	-	10,149,537	195
Unearned revenue	275,988	-	715,528	6,795	998,311	123,606
Current portion of compensated absences	593,154	463,924	146,005	30,756	1,233,839	474,777
Current portion of claims payable	-	-	-	-	-	4,181,887
Current portion of bonds and contracts payable (Note 6)	207,495	-	1,737,762	-	1,945,257	5,263
Total current liabilities	6,355,685	9,729,420	4,108,350	186,015	20,379,470	8,240,200
Noncurrent liabilities:						
Payable from restricted assets:						
Interest payable from restricted assets	1,285,480	357,653	-	-	1,643,133	-
Principal payable from restricted assets (Note 6)	4,355,000	11,175,000	-	-	15,530,000	-
Compensated absences	860,151	672,750	211,726	44,601	1,789,228	688,489
Provision for claims	-	-	-	-	-	337,211
Net pension liability (Notes 7 and 8)	16,617,747	15,623,874	5,511,003	753,927	38,506,551	16,533,460
Net OPEB liability (Notes 10 and 11)	1,887,118	1,775,197	625,980	85,647	4,373,942	1,878,081
Bonds, contracts, and notes payable (Note 6)	150,533,647	308,638,705	23,080,380	-	482,252,732	10,466
Total noncurrent liabilities	175,539,143	338,243,179	29,429,089	884,175	544,095,586	19,447,707
Total liabilities	181,894,828	347,972,599	33,537,439	1,070,190	564,475,056	27,687,907
Deferred Inflows of Resources						
Deferred inflows related to pensions (Notes 7 and 8)	91,380	85,914	30,305	4,146	211,745	90,915
Deferred inflows related to OPEB (Notes 10 and 11)	1,926,996	1,812,710	639,208	87,457	4,466,371	1,917,770
Total deferred inflows of resources	2,018,376	1,898,624	669,513	91,603	4,678,116	2,008,685
Net Position						
Net investment in capital assets	237,496,691	176,662,308	22,765,238	3,198,232	440,122,469	22,396,583
Restricted - Debt service	10,581,527	27,193,908	-	-	37,775,435	-
Unrestricted	39,325,591	48,035,094	12,981,036	2,582,051	102,923,772	61,822,687
Total net position	\$ 287,403,809	\$ 251,891,310	\$ 35,746,274	\$ 5,780,283	580,821,676	\$ 84,219,270

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

12,672,218

Total Net Position - Business-type Activities

\$ 593,493,894

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

Year Ended June 30, 2021

	Enterprise Funds				Governmental Activities	
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue						
Sales	\$ 47,202,761	\$ 55,700	\$ -	\$ 555,047	\$ 47,813,508	\$ 18,470
Charges for services	3,933,895	59,776,097	11,491,387	1,861,493	77,062,872	65,547,506
Miscellaneous	101,299	862,319	184,869	-	1,148,487	1,262,890
Total operating revenue	51,237,955	60,694,116	11,676,256	2,416,540	126,024,867	66,828,866
Operating Expenses						
Utilities	3,472,009	1,972,597	365,108	153,721	5,963,435	2,929,953
Supplies and materials	1,949,616	3,087,556	3,396,149	159,420	8,592,741	6,507,293
Personal services	13,074,104	12,662,834	4,406,768	1,044,282	31,187,988	12,519,987
Contractual services	4,537,784	8,321,578	4,680,895	432,252	17,972,509	4,370,445
Other services and charges	5,512,232	5,954,008	3,217,079	404,908	15,088,227	35,467,097
Depreciation	10,911,371	18,882,231	3,152,974	290,604	33,237,180	4,122,706
Total operating expenses	39,457,116	50,880,804	19,218,973	2,485,187	112,042,080	65,917,481
Operating Income (Loss)	11,780,839	9,813,312	(7,542,717)	(68,647)	13,982,787	911,385
Nonoperating Revenue (Expense)						
Investment income (loss)	575,933	460,336	(88,415)	39,320	987,174	1,980,962
Interest expense	(5,502,680)	(13,130,542)	(877,641)	-	(19,510,863)	(661)
(Loss) gain on sale of assets	-	-	(11,535)	-	(11,535)	294,813
Operating grants	55,637	505,594	123,212	444	684,887	984,702
Other nonoperating general revenue (expense)	534,782	20,710	320,936	-	876,428	(162,166)
Total nonoperating (expense) revenue	(4,336,328)	(12,143,902)	(533,443)	39,764	(16,973,909)	3,097,650
Income (Loss) - Before capital contributions	7,444,511	(2,330,590)	(8,076,160)	(28,883)	(2,991,122)	4,009,035
Capital Contributions						
Capital grants	-	11,699,145	-	-	11,699,145	-
Other capital contributions	2,148,044	1,463,213	-	-	3,611,257	188,753
Total capital contributions	2,148,044	13,162,358	-	-	15,310,402	188,753
Transfers In (Note 12)	143,411	-	-	807,992	951,403	-
Transfers Out (Note 12)	(21,105)	-	(140,000)	(132,351)	(293,456)	(42,309)
Change in Net Position	9,714,861	10,831,768	(8,216,160)	646,758	12,977,227	4,155,479
Net Position - Beginning of year	277,688,948	241,059,542	43,962,434	5,133,525	567,844,449	80,063,791
Net Position - End of year	<u>\$ 287,403,809</u>	<u>\$ 251,891,310</u>	<u>\$ 35,746,274</u>	<u>\$ 5,780,283</u>	<u>\$ 580,821,676</u>	<u>\$ 84,219,270</u>
Net Change in Net Position - Total enterprise funds					\$ 12,977,227	
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					155,112	
Change in Net Position of Business-type Activities					<u>\$ 13,132,339</u>	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Funds				Total	Governmental
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise		Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 50,810,219	\$ 60,239,190	\$ 11,769,212	\$ 2,404,426	\$ 125,223,047	\$ 66,024,573
Payments to suppliers	(18,345,791)	(21,818,786)	(11,267,157)	(1,175,287)	(52,607,021)	(44,627,843)
Payments to employees	(7,438,139)	(6,974,567)	(2,451,647)	(764,394)	(17,628,747)	(7,675,323)
Other operating receipts	534,782	20,710	320,936	-	876,428	(653,216)
Payments for payroll taxes and benefits	(4,332,086)	(3,967,542)	(1,449,215)	(242,073)	(9,990,916)	(6,705,914)
Net cash provided by (used in) operating activities	21,228,985	27,499,005	(3,077,871)	222,672	45,872,791	6,362,277
Cash Flows from Noncapital Financing Activities						
Operating grants and subsidies	55,637	505,594	123,212	444	684,887	984,702
Transfers from other funds	143,411	-	-	807,992	951,403	-
Transfers to other funds	(21,105)	-	(140,000)	(132,351)	(293,456)	(42,309)
Net cash provided by (used in) noncapital financing activities	177,943	505,594	(16,788)	676,085	1,342,834	942,393
Cash Flows from Capital and Related Financing Activities						
Issuance of bonds	-	-	13,805,150	-	13,805,150	-
Receipt of capital grants	-	11,699,145	-	-	11,699,145	-
Proceeds from sale of capital assets	-	-	-	-	-	132,647
Purchase of capital assets	(21,787,694)	(16,724,417)	(1,210,724)	-	(39,722,835)	(3,441,342)
Principal and interest paid on capital debt	(9,651,334)	(23,723,909)	(17,126,379)	-	(50,501,622)	1,327,227
Net cash used in capital and related financing activities	(31,439,028)	(28,749,181)	(4,531,953)	-	(64,720,162)	(1,981,468)
Cash Flows Provided by (Used in) Investing Activities - Interest received (paid) on investments	547,737	443,192	(66,492)	39,321	963,758	624,399
Net (Decrease) Increase in Equity in Pooled Cash and Investments	(9,484,363)	(301,390)	(7,693,104)	938,078	(16,540,779)	5,947,601
Equity in Pooled Cash and Investments - Beginning of year	84,440,919	91,281,988	27,365,185	2,287,190	205,375,282	79,272,588
Equity in Pooled Cash and Investments - End of year	<u>\$ 74,956,556</u>	<u>\$ 90,980,598</u>	<u>\$ 19,672,081</u>	<u>\$ 3,225,268</u>	<u>\$ 188,834,503</u>	<u>\$ 85,220,189</u>
Classification of Equity in Pooled Cash and Investments						
Equity in pooled cash and investments	\$ 52,548,118	\$ 56,753,429	\$ 19,672,081	\$ 3,225,268	\$ 132,198,896	\$ 79,107,392
Restricted cash	22,408,438	34,227,169	-	-	56,635,607	6,112,797
Total cash	<u>\$ 74,956,556</u>	<u>\$ 90,980,598</u>	<u>\$ 19,672,081</u>	<u>\$ 3,225,268</u>	<u>\$ 188,834,503</u>	<u>\$ 85,220,189</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2021

	Enterprise Funds					Governmental
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 11,780,839	\$ 9,813,312	\$ (7,542,717)	\$ (68,647)	\$ 13,982,787	\$ 911,385
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	10,911,371	18,882,231	3,152,974	290,604	33,237,180	4,122,706
Miscellaneous cash received	534,782	20,710	320,936	-	876,428	-
Changes in assets and liabilities:						
Receivables	(423,836)	(453,731)	99,194	(12,114)	(790,487)	257,041
Inventories	18,367	39,363	-	4,917	62,647	(181,070)
Prepaid and other assets	-	-	(2,520)	-	(2,520)	-
Accounts payable and other liabilities	(2,907,682)	(2,601,565)	294,082	(29,903)	(5,245,068)	139,057
Net pension or OPEB liability	1,818,302	2,393,188	803,846	61,461	5,076,797	1,814,635
Deferrals related to pension or OPEB	(739,616)	(771,009)	(267,394)	(31,175)	(1,809,194)	(735,747)
Compensated absences	236,458	176,506	63,728	7,529	484,221	34,270
Total adjustments	9,448,146	17,685,693	4,464,846	291,319	31,890,004	5,450,892
Net cash provided by (used in) operating activities	<u>\$ 21,228,985</u>	<u>\$ 27,499,005</u>	<u>\$ (3,077,871)</u>	<u>\$ 222,672</u>	<u>\$ 45,872,791</u>	<u>\$ 6,362,277</u>
Significant Noncash Transactions - Contributions of capital assets						
	\$ 2,148,044	\$ 1,464,878	\$ -	\$ -	\$ 3,612,922	\$ 188,753

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Assets		
Equity in pooled cash and investments (Note 2)	\$ 1,406,396	\$ 18,537
Investments: (Note 2)		
Cash and money market funds	12,062,669	-
U.S. government securities	99,364,293	-
Other	101,396,746	-
State and municipal bonds	662,167	-
Corporate bonds and fixed-income commingled funds	144,517,255	-
Common stocks and equity mutual funds	502,172,203	-
Asset-backed securities	10,521,845	-
Real estate securities	47,308,680	-
Commingled multiasset portfolio	89,577,561	-
Commodities	44,387,733	-
Collateral held by broker under securities lending - Short-term fixed income	66,295,323	-
Receivables:		
Receivables - Net	4,415,216	325,982
Accrued interest receivable	831,579	-
Other receivables	507	-
Total assets	1,124,920,173	344,519
Liabilities		
Vouchers and accounts payable	1,242,272	-
Due to other governmental units	-	344,519
Investment securities purchased	1,635,777	-
Obligations under securities lending agreements	66,295,323	-
Total liabilities	69,173,372	344,519
Net Position		
Restricted:		
Pension	965,207,663	-
Postemployment benefits other than pension	90,539,138	-
Total net position	\$ 1,055,746,801	\$ -

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Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Additions		
Investment income (loss):		
Interest and dividends	\$ 9,029,764	\$ -
Net increase in fair value of investments	164,153,703	-
Investment costs	(1,984,453)	-
Net investment income	171,199,014	-
Securities lending income - Interest and dividends	190,482	-
Contributions:		
Employer contributions	27,245,755	-
Employee contributions	7,902,278	-
Total contributions	35,148,033	-
Property tax collections for other governments	-	161,549,338
Federal grants	135,655	-
Total additions	206,673,184	161,549,338
Deductions		
Benefit payments	70,941,718	-
Administrative expenses	1,647,147	-
Property tax distributions to other governments	-	161,549,338
Total deductions	72,588,865	161,549,338
Net Increase in Net Position Held in Trust	134,084,319	-
Net Position - Beginning of year	921,662,482	-
Net Position - End of year	\$ 1,055,746,801	\$ -

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)	\$ 15,562,215	\$ 2,264,608	\$ 3,864,910
Receivables:			
Receivables - Net	637,332	8,631	16,933
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Capital assets: (Note 5)			
Assets not subject to depreciation	11,008,005	-	-
Assets subject to depreciation - Net	13,570,050	-	-
Total assets	40,777,602	2,273,239	3,881,843
Deferred Outflows of Resources			
Deferred charges on bond refunding	565,282	-	-
Deferred outflows related to pensions (Notes 7 and 8)	-	-	-
Deferred outflows related to OPEB (Notes 10 and 11)	-	-	-
Total deferred outflows of resources	565,282	-	-
Liabilities			
Vouchers and accounts payable	5,166,010	25,643	214,464
Accrued interest payable	106,958	-	-
Due to participants	-	-	-
Unearned revenue	1,000	-	-
Noncurrent liabilities:			
Due within one year (Note 6)	6,493,219	293	9,971
Due in more than one year:			
Compensated absences	4,667	424	14,459
Net pension liability (Notes 7 and 8)	-	-	-
Net OPEB liability (Notes 10 and 11)	-	-	-
Bonds, contracts, and notes payable (Note 6)	520,536	-	-
Total liabilities	12,292,390	26,360	238,894
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			
Net investment in capital assets	18,132,801	-	-
Restricted for authorized projects	10,917,693	2,246,879	3,642,949
Unrestricted	-	-	-
Total net position	<u>\$ 29,050,494</u>	<u>\$ 2,246,879</u>	<u>\$ 3,642,949</u>

Component Units
Statement of Net Position

June 30, 2021

Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ 7,612,060	\$ 1,265,312	\$ 1,650,049	\$ 32,219,154
34,464	4,933	730	703,023
-	-	1,919	1,919
-	-	96,135	96,135
-	-	-	11,008,005
-	-	10,554	13,580,604
7,646,524	1,270,245	1,759,387	57,608,840
-	-	-	565,282
-	-	3,141,531	3,141,531
-	-	362,165	362,165
-	-	3,503,696	4,068,978
891,053	63,024	140,659	6,500,853
5,147	-	-	112,105
1,197,996	-	233,622	1,431,618
-	-	70,704	71,704
135,762	-	292,366	6,931,611
22,858	-	423,968	466,376
-	-	12,254,987	12,254,987
-	-	1,834,814	1,834,814
1,460,000	-	-	1,980,536
3,712,816	63,024	15,251,120	31,584,604
-	-	67,389	67,389
-	-	1,873,587	1,873,587
-	-	1,940,976	1,940,976
-	-	10,554	18,143,355
3,933,708	1,207,221	-	21,948,450
-	-	(11,939,567)	(11,939,567)
\$ 3,933,708	\$ 1,207,221	\$ (11,929,013)	\$ 28,152,238

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	\$ 13,424,799	\$ 434,494	\$ 297,285
Tax Increment Finance Authority - Urban and community development	452,410	-	134,479
Smartzone Local Development Financing Authority - Urban and community development	2,075,013	-	367,020
Brownfield Redevelopment Authority - Urban and community development	11,108,583	196,152	191,258
Corridor Improvement Authority - Urban and community development	586,524	-	4,450
61st District Court - Public safety	16,254,418	3,713,782	9,334,370
Total component units	<u>\$ 43,901,747</u>	<u>\$ 4,344,428</u>	<u>\$ 10,328,862</u>

General revenue:
 Property taxes
 Unrestricted investment income
 Gain on sale of capital assets
 Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Component Units
Statement of Activities

Year Ended June 30, 2021

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
\$ (12,693,020)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,693,020)
-	(317,931)	-	-	-	-	(317,931)
-	-	(1,707,993)	-	-	-	(1,707,993)
-	-	-	(10,721,173)	-	-	(10,721,173)
-	-	-	-	(582,074)	-	(582,074)
-	-	-	-	-	(3,206,266)	(3,206,266)
(12,693,020)	(317,931)	(1,707,993)	(10,721,173)	(582,074)	(3,206,266)	(29,228,457)
13,881,584	414,482	1,218,583	11,375,509	868,783	-	27,758,941
172,319	22,269	28,352	107,864	19,834	8,788	359,426
207,670	-	-	-	-	-	207,670
14,261,573	436,751	1,246,935	11,483,373	888,617	8,788	28,326,037
1,568,553	118,820	(461,058)	762,200	306,543	(3,197,478)	(902,420)
27,481,941	2,128,059	4,104,007	3,171,508	900,678	(8,731,535)	29,054,658
\$ 29,050,494	\$ 2,246,879	\$ 3,642,949	\$ 3,933,708	\$ 1,207,221	\$ (11,929,013)	\$ 28,152,238

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As of and for the Year Ended June 30, 2021

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 generally accepted accounting principles 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, 2021

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, 2021

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, 2021 is as follows: total assets of \$156,341,213, total liabilities of \$77,843,734, deferred inflows of resources of \$42,639, total net position of \$78,454,840, revenue of \$8,017,800, and expenses of \$8,557,237.

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, 2020 is as follows: total assets of \$41,573,953, total liabilities of \$18,995,466, total net position of \$22,578,487, revenue of \$13,292,999, and expenses of \$16,306,258.

As of and for the Year Ended June 30, 2021

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, 2021 is as follows: total assets of \$25,293,085, total liabilities of \$16,317,411, total net position of \$8,975,674, revenue of \$9,807,544, and expenses of \$9,036,123.

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, 2021

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, 2021

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.
- The **Parking System Fund** accounts for the operations and maintenance, capital additions, improvements, and retirement of bonds of the parking system. The fund was established to provide parking facilities on and off the streets. Financing is provided by user charges.

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.

As of and for the Year Ended June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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.

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.

As of and for the Year Ended June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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 position 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.

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 position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, deferred resources due to time restrictions related to special assessments and deferred resources related to pensions and OPEB plans that are yet to be recognized in the actuarial calculations of the individual plans.

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.

As of and for the Year Ended June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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).

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.

As of and for the Year Ended June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

At July 2020, the total assessed value of all real and personal property in the City subject to ad valorem taxation was \$5,487,217,291 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 \$1,833,520,809 by this limitation, reducing city tax revenue by approximately \$16,588,168 for fiscal year 2021.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2021 was based on the following rates:

Purpose	Millage Rate	Revenue
General operating	3.9221	\$ 18,553,077
Promotional and advertising	0.0090 (\$50,000 maximum)	42,234
Refuse collection	1.6000	7,562,957
Library operating	2.3406	11,230,442
Parks	0.9353	4,401,876

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 2021.

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 24 and 27. 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.

As of and for the Year Ended June 30, 2021

Note 1 - Significant Accounting Policies (Continued)

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 years 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 24 and 27. 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.

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.

Adoption of New Accounting Pronouncement

The City adopted GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. As a result, the Custodial Tax Fund now reports a statement of changes in fiduciary net position.

As of and for the Year Ended June 30, 2021

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
- 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.

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

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 inter-local 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.

The investments of the City's two retirement systems 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 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 deposits (included in "equity in pooled cash and investments") was \$111,194,284 and the associated bank balances totaled \$117,404,901. Of the bank balances, \$2,750,000 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$114,654,901 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.

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

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, 2021, 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, 2020, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2021, 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 funds equity in the investment pool.

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 and the retirement systems had the following investments and maturities:

	Primary government				Weighted-average Maturity (Years)
U.S. Treasury notes					3.34
U.S. Treasury inflation-protected securities					5.35
U.S. agency bonds					13.20
Michigan municipal bonds					4.60
Money market mutual funds					0.25
Police and Fire Retirement System at December 31, 2020	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 26,492,430	\$ -	\$ 8,408,378	\$ 3,141,491	\$ 14,942,561
State and municipal bonds	355,616	-	45,666	274,330	35,620
Corporate bonds and fixed-income commingled funds	75,304,920	250,295	9,053,588	60,108,432	5,892,605
Asset-backed securities	5,943,167	9,468	901,808	310,675	4,721,216
Cash and money market mutual funds	5,848,466	5,848,466	-	-	-
Investments held as collateral for securities lending	31,039,032	31,039,032	-	-	-
Total	\$ 144,983,631	\$ 37,147,261	\$ 18,409,440	\$ 63,834,928	\$ 25,592,002

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

General Retirement System at June 30, 2021	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 25,995,873	\$ -	\$ 7,618,729	\$ 5,281,226	\$ 13,095,918
State and municipal bonds	306,551	-	-	280,839	25,712
Corporate bonds and fixed-income commingled funds	69,212,335	254,758	8,378,819	54,852,398	5,726,360
Asset -backed securities	4,566,061	587	578,587	-	3,986,887
Cash and money market mutual funds	6,214,203	6,214,203	-	-	-
Investments held as collateral for securities lending	35,256,291	35,256,291	-	-	-
Total	\$ 141,551,314	\$ 41,725,839	\$ 16,576,135	\$ 60,414,463	\$ 22,834,877

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 and the retirement systems 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	\$ 96,542,027	\$ -	\$ -	\$ -	\$ 96,542,027
U.S. government agencies	104,640,427	-	104,640,427	-	-
Michigan municipal securities	161,435,428	4,269,217	147,062,747	6,805,353	3,298,111
Money market mutual funds	33,597,019	33,597,019	-	-	-
Total	\$ 396,214,901	\$ 37,866,236	\$ 251,703,174	\$ 6,805,353	\$ 99,840,138

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

Rating	Police and Fire Retirement System at December 31, 2020	General Retirement System at June 30, 2021
S&P AAA	\$ 2,494,098	\$ 1,670,007
S&P AA	2,906,267	2,079,497
S&P A	5,819,675	4,692,482
S&P A-	54,852,338	51,797,659
S&P BBB	12,184,668	11,068,602
S&P BB	139,300	132,015
S&P CC	304,676	296,797
S&P D	568	-
U.S. government obligations - Not subject to credit risk	48,527,090	49,678,328
Unrated securities and funds	3,588,122	2,833,371
Total	<u>\$ 130,816,802</u>	<u>\$ 124,248,758</u>

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. Generally accepted accounting principles 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. City investments in the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation total \$45,768,967 and \$25,255,426 at June 30, 2021, respectively. This represents 11.7 percent and 6.5 percent of the portfolio, respectively.

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.

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

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, 2020	General Retirement System at June 30, 2021
Equities	\$ 137,469,796	\$ 139,404,101
Private equity partnerships	11,973,993	15,727,625
Private credit partnerships	14,596,894	15,699,605
Government obligations	322,241	312,183
Corporate bonds and commingled funds	7,136,375	6,127,274
Total fair value	<u>\$ 171,499,299</u>	<u>\$ 177,270,788</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 not less than 105 percent if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2020, 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	\$ 2,918,471	\$ 2,979,290
U.S. equities	17,122,809	17,642,740
U.S. government fixed income	10,221,125	10,417,002
Total	<u>\$ 30,262,405</u>	<u>\$ 31,039,032</u>

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

As of June 30, 2021, 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	\$ 1,345,778	\$ 1,379,494
U.S. equities	18,429,532	18,921,971
U.S. government fixed income	14,676,636	14,954,826
Total	\$ 34,451,946	\$ 35,256,291

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 fails 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 generally accepted accounting principles 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, 2021

Note 2 - Deposits and Investments (Continued)

The value of the City's investment portfolio at June 30, 2021 was developed using the following inputs:

	Primary Government Fair Value Measurements Using			Balance at June 30, 2021
	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. Treasury	\$ 81,872,152	\$ 14,669,875	\$ -	\$ 96,542,027
U.S. government agency	104,640,427	-	-	104,640,427
Michigan municipal securities	-	161,435,428	-	161,435,428
Total measured at fair value	\$ 186,512,579	\$ 176,105,303	\$ -	362,617,882
Investments Measured at Amortized Cost				
Money market mutual funds				33,597,019
Total investments				<u>\$ 396,214,901</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			Balance at December 31, 2020
	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	\$ 26,492,430	\$ 22,716,105	\$ -	\$ 49,208,535
State and municipal bonds	355,616	-	-	355,616
Corporate bonds and fixed-income commingled funds	20,452,582	54,852,338	-	75,304,920
Stocks and equity mutual funds	63,806,869	184,108,091	-	247,914,960
Real estate security fund	21,563,151	-	-	21,563,151
Asset-backed securities	5,947,731	-	-	5,947,731
Commodities	-	21,121,530	-	21,121,530
Private equity partnerships	-	-	26,583,039	26,583,039
Private credit partnerships	-	-	19,782,457	19,782,457
Securities lending collateral pool	31,039,032	-	-	31,039,032
Total measured at fair value	\$ 169,657,411	\$ 282,798,064	\$ 46,365,496	498,820,971
Investments Measured at Amortized Cost				
Money market mutual funds				5,848,466
Total investments				<u>\$ 504,669,437</u>

As of and for the Year Ended June 30, 2021

Note 2 - Deposits and Investments (Continued)

	General Retirement System Fair Value Measurements Using			Balance at June 30, 2021
	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	\$ 25,995,873	\$ 24,159,885	\$ -	\$ 50,155,758
State and municipal bonds	306,551	-	-	306,551
Corporate bonds and fixed- income commingled funds	17,414,675	51,797,660	-	69,212,335
Common and preferred stocks and equity mutual funds	70,308,375	183,948,868	-	254,257,243
Real estate security fund	25,745,529	-	-	25,745,529
Asset-backed securities	4,574,114	-	-	4,574,114
Commodities	-	23,266,203	-	23,266,203
Private equity partnerships	-	-	33,940,404	33,940,404
Private credit partnerships	-	-	21,090,846	21,090,846
Securities lending collateral pool	35,256,291	-	-	35,256,291
Total measured at fair value	\$ 179,601,408	\$ 283,172,616	\$ 55,031,250	517,805,274
Investments Measured at Amortized Cost				
Money market mutual funds				6,214,203
Total investments				<u>\$ 524,019,477</u>

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 generally accepted accounting principles in the USA.

As of and for the Year Ended June 30, 2021

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

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.

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, 2021, 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 \$1,522,006. 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 \$575,089. 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 \$9,044,794 at June 30, 2021. 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.

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.

As of and for the Year Ended June 30, 2021

Note 4 - Restricted Assets (Continued)

At June 30, 2021, restricted assets are composed of the following:

	Proprietary Funds		
	Water Supply System	Sewage Disposal System	Internal Service
Funds held by trustee	\$ 10,396,041	\$ 27,193,908	\$ 6,112,797
Equity in pooled cash and investments	12,012,397	7,033,261	-
Loans receivable	185,486	103,263	-
Total	\$ 22,593,924	\$ 34,330,432	\$ 6,112,797

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 25,852,182	\$ 1,202,866	\$ -	\$ 27,055,048
Construction in progress	43,093,433	24,373,476	(21,155,943)	46,310,966
Easement/Right of Way	1,260,825	62,290	-	1,323,115
Subtotal	70,206,440	25,638,632	(21,155,943)	74,689,129
Capital assets being depreciated:				
Buildings and structures	178,002,094	251,340	(286,765)	177,966,669
Furniture and equipment	2,639,032	-	-	2,639,032
Vehicles	57,438,956	7,869,263	(3,390,750)	61,917,469
Machinery and equipment	34,109,913	2,424,195	(833,687)	35,700,421
Land improvements	61,734,648	3,760,916	(86,711)	65,408,853
Software	221,312	-	-	221,312
Infrastructure	542,262,374	18,678,938	(2,569,172)	558,372,140
Subtotal	876,408,329	32,984,652	(7,167,085)	902,225,896
Accumulated depreciation:				
Buildings and structures	117,256,696	3,409,562	(286,766)	120,379,492
Furniture and equipment	2,604,015	28,465	-	2,632,480
Vehicles	33,500,823	4,452,052	(2,613,330)	35,339,545
Machinery and equipment	17,786,789	1,446,249	(724,491)	18,508,547
Land improvements	34,172,722	2,249,123	-	36,421,845
Software	168,887	44,201	-	213,088
Infrastructure	434,496,691	11,588,933	-	446,085,624
Subtotal	639,986,623	23,218,585	(3,624,587)	659,580,621
Net capital assets being depreciated	236,421,706	9,766,067	(3,542,498)	242,645,275
Net governmental activities capital assets	\$ 306,628,146	\$ 35,404,699	\$ (24,698,441)	\$ 317,334,404

As of and for the Year Ended June 30, 2021

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 14,706,068	\$ -	\$ -	\$ 14,706,068
Construction in progress	104,046,619	38,710,907	(111,872,238)	30,885,288
Easement/Right of Way	3,065,549	67,301	-	3,132,850
Subtotal	121,818,236	38,778,208	(111,872,238)	48,724,206
Capital assets being depreciated:				
Water meters	8,065,938	-	(7,375,481)	690,457
Storage tanks	22,531,150	486,561	-	23,017,711
Buildings and structures	212,856,669	19,572,348	-	232,429,017
Furniture	1,719,594	-	-	1,719,594
Motor vehicles	6,333,743	-	-	6,333,743
Machinery and equipment	248,938,644	79,554,551	(571,120)	327,922,075
Sewer service mains	528,192,545	3,728,726	-	531,921,271
Land improvements	30,941,141	3,613,702	-	34,554,843
Water mains	349,393,978	9,523,256	-	358,917,234
Software	190,958	-	-	190,958
Subtotal	1,409,164,360	116,479,144	(7,946,601)	1,517,696,903
Accumulated depreciation:				
Water meters	7,375,481	-	(7,375,481)	-
Storage tanks	13,788,040	597,046	-	14,385,086
Buildings and structures	123,205,470	5,380,194	-	128,585,664
Furniture	1,712,210	234	-	1,712,444
Motor vehicles	2,794,655	624,632	-	3,419,287
Machinery and equipment	165,858,421	10,765,588	(521,763)	176,102,246
Sewer service mains	197,846,245	10,069,090	-	207,915,335
Land improvements	22,106,696	1,043,002	-	23,149,698
Water mains	96,509,489	4,738,089	-	101,247,578
Software	171,653	19,305	-	190,958
Subtotal	631,368,360	33,237,180	(7,897,244)	656,708,296
Net capital assets being depreciated	777,796,000	83,241,964	(49,357)	860,988,607
Net business-type activities capital assets	\$ 899,614,236	\$ 122,020,172	\$ (111,921,595)	\$ 909,712,813

As of and for the Year Ended June 30, 2021

Note 5 - Capital Assets (Continued)

Component Units

Capital asset activity of the 61st District Court for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated:				
Motor vehicles	\$ 47,104	\$ -	\$ -	\$ 47,104
Intangibles/Software	150,780	-	-	150,780
Subtotal	197,884	-	-	197,884
Accumulated depreciation:				
Motor vehicles	33,903	2,689	-	36,592
Intangibles/Software	120,624	30,114	-	150,738
Subtotal	154,527	32,803	-	187,330
Net capital assets being depreciated	43,357	(32,803)	-	10,554
Net 61st District Court capital assets	<u>\$ 43,357</u>	<u>\$ (32,803)</u>	<u>\$ -</u>	<u>\$ 10,554</u>

Capital asset activity of the Downtown Development Authority for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 11,008,005	\$ -	\$ -	\$ 11,008,005
Construction in progress	109,412	-	(109,412)	-
Subtotal	11,117,417	-	(109,412)	11,008,005
Capital assets being depreciated:				
Buildings and structures	59,919,979	241,146	-	60,161,125
Machinery and equipment	6,123,062	-	(78,302)	6,044,760
Furniture	2,827,540	-	-	2,827,540
Land improvements	6,708,245	-	-	6,708,245
Infrastructure	267,779	-	-	267,779
Subtotal	75,846,605	241,146	(78,302)	76,009,449
Accumulated depreciation:				
Buildings and structures	46,913,868	2,004,138	-	48,918,006
Machinery and equipment	4,845,252	231,878	(78,302)	4,998,828
Furniture	2,238,370	94,076	-	2,332,446
Land improvements	5,789,004	198,800	-	5,987,804
Infrastructure	196,375	5,940	-	202,315
Subtotal	59,982,869	2,534,832	(78,302)	62,439,399
Net capital assets being depreciated	15,863,736	(2,293,686)	-	13,570,050
Net Downtown Development Authority capital assets	<u>\$ 26,981,153</u>	<u>\$ (2,293,686)</u>	<u>\$ (109,412)</u>	<u>\$ 24,578,055</u>

As of and for the Year Ended June 30, 2021

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Tax Increment Financing Authority for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets being depreciated - Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Accumulated depreciation - Land improvements	1,464,643	22,157	-	1,486,800
Net Tax Increment Financing Authority capital assets	\$ 22,157	\$ (22,157)	\$ -	\$ -

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

Governmental activities:	
General government	\$ 2,163,344
Public safety	1,755,981
Public works	12,456,099
Economic development	10,470
Recreation and culture	2,709,927
Internal service fund depreciation is charged to the various functions based on their usage of the asset	4,122,764
Total governmental activities	<u>\$ 23,218,585</u>
Business-type activities:	
Water	\$ 10,911,371
Sewer	18,882,231
Auto parking	3,152,974
Other	290,604
Total business-type activities	<u>\$ 33,237,180</u>
Component unit activities:	
61st District Court	\$ 32,803
Downtown Development Authority	2,534,832
Tax Increment Financing Authority	22,157
Total component unit activities	<u>\$ 2,589,792</u>

As of and for the Year Ended June 30, 2021

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	\$ 20,426,717	\$ 566,253
Sewer Disposal System - Various sewer mains and system construction projects	17,372,679	469,785
Streets Capital Construction - Various street construction projects	1,231,995	-
Vital Streets Capital Construction - Various vital street construction projects	<u>9,782,884</u>	<u>260,165</u>
Total	<u>\$ 48,814,275</u>	<u>\$ 1,296,203</u>

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As of and for the Year Ended June 30, 2021

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 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	\$ 2,565,000	\$ -	\$ (345,000)	\$ 2,220,000	\$ 350,000
2015 Capital Improvement Bonds Vital Streets	1.79%	8-20	15,000,000	-	(15,000,000)	-	-
2013 Capital Improvement Bonds	2.98%	8-20 to 8-29	1,215,000	-	(100,000)	1,115,000	100,000
2012 Grand Rapids Brownfield Redevelopment Authority Purchase Agreement	2.1%	6-21 to 6-23	155,800	-	(53,000)	102,800	53,000
Kent County Drain Commission Contract payable (2016 Floodwalls)	3-5%	11-20 to 11-36	7,565,000	-	(305,000)	7,260,000	315,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	3-4%	11-20 to 11-34	3,665,000	-	(190,000)	3,475,000	200,000
Kent County Drain Commission Contract payable (2008 Floodwalls)	4%	11-20	226,300	-	(226,300)	-	-
Total direct borrowings and direct placements			30,392,100	-	(16,219,300)	14,172,800	1,018,000
Other debt:							
2018 LTGO Capital Improvement (street lighting)	3-5%	10-22 to 10-41	8,210,000	-	-	8,210,000	-
2016 LTGO Refunding Bonds	3-5%	10-20 to 10-27	6,325,000	-	(670,000)	5,655,000	695,000
2016 Capital Improvement Bonds Vital Streets	4-5%	4-21 to 4-26	10,815,000	-	(1,600,000)	9,215,000	1,680,000
2011 Grand Rapids Building Authority Refunding Bonds (Arch. Ctr. Ph II)	1.9-2.51%	10-20 to 10-21	755,000	-	(755,000)	-	-
2010A Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe)	6.5%	10-33 to 10-39	1,770,000	-	(1,770,000)	-	-
2010B Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe-taxable)	5-6.33%	10-20 to 10-32	2,015,000	-	(2,015,000)	-	-
2009 Grand Rapids Building Authority Refunding (Police Facilities)	4.77%	8-20	1,950,000	-	(1,950,000)	-	-
2019A Grand Rapids Building Authority (Condo II-taxable)	5.00%	10-20 to 10-28	8,700,000	-	(830,000)	7,870,000	825,000
2019B Grand Rapids Building Authority (Condo II)	1.9-2.51%	10-20 to 10-28	10,035,000	-	(1,055,000)	8,980,000	1,040,000
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	-	2,307,238	502,238
Total other debt			50,575,000	3,867,238	(10,645,000)	43,797,238	4,742,238
Unamortized bond premiums			4,753,621	265,029	(640,448)	4,378,202	-
Total bonds and contracts payable			85,720,721	4,132,267	(27,504,748)	62,348,240	5,760,238
Compensated absences			12,827,628	9,038,903	(6,963,446)	14,903,085	6,082,566
Insurance claims			5,894,620	21,931,967	(23,307,489)	4,519,098	4,181,887
Total governmental activities			\$ 104,442,969	\$ 35,103,137	\$ (57,775,683)	\$ 81,770,423	\$ 16,024,691

As of and for the Year Ended June 30, 2021

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	\$ 840,814	\$ -	\$ (202,354)	\$ 638,460	\$ 207,495
2016 Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-36	1,813,008	-	(95,000)	1,718,008	95,000
2015 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-36	8,153,063	-	(390,000)	7,763,063	400,000
2014 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-34	2,272,840	-	(125,000)	2,147,840	130,000
2012 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-33	2,445,930	-	(150,000)	2,295,930	150,000
2012A Water Supply System Junior Lien Revenue Bonds	2%	4-21 to 4-33	473,514	-	(30,000)	443,514	30,000
2011A Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-31	574,752	-	(40,000)	534,752	45,000
2011B Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-32	511,549	-	(35,000)	476,549	40,000
2011C Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-33	1,941,024	-	(130,000)	1,811,024	130,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2%	4-21 to 4-34	819,125	-	(50,000)	769,125	50,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-32	3,049,305	-	(220,000)	2,829,305	225,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-33	1,150,370	-	(75,000)	1,075,370	80,000
Kent County Drain Commission Contract Payable (2008 Floodwalls)	4%	11-20	31,000	-	(31,000)	-	-
Total direct borrowings and direct placements			24,076,294	-	(1,573,354)	22,502,940	1,582,495
Other debt:							
2020 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-50	26,445,000	-	-	26,445,000	425,000
2018 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-48	31,345,000	-	(550,000)	30,795,000	575,000
2016 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-46	35,535,000	-	(985,000)	34,550,000	1,025,000
2015 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-35	23,350,000	-	(1,080,000)	22,270,000	1,135,000
2013 Water Supply System Revenue Refunding Bonds	2-4%	1-21 to 1-28	1,730,000	-	(165,000)	1,565,000	175,000
2020 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-50	35,030,000	-	(240,000)	34,790,000	245,000
2018 Sanitary Sewer System Revenue Bonds	5%	1-21 to 1-48	41,160,000	-	(705,000)	40,455,000	740,000
2016 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-38	45,400,000	-	(1,615,000)	43,785,000	1,695,000
2014 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-44	51,295,000	-	(900,000)	50,395,000	3,995,000
2013 Sanitary Sewer System Revenue Refunding Bonds	2-5%	1-21 to 1-34	34,625,000	-	(510,000)	34,115,000	-
2012 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-42	23,500,000	-	(1,085,000)	22,415,000	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	-
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	5.5%	1-21 to 1-22	8,030,000	-	(3,910,000)	4,120,000	4,120,000

As of and for the Year Ended June 30, 2021

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	\$ 10,880,000	\$ -	\$ (690,000)	\$ 10,190,000	\$ 715,000
2011 Grand Rapids Building Authority Refunding Bonds (Ottawa/Fulton)	4.663-4.660%	10-20 to 10-20	450,000	-	(450,000)	-	-
2011 Grand Rapids Building Authority Refunding Bonds (Monroe Center)	4.5-5%	10-20 to 10-31	8,225,000	-	(8,225,000)	-	-
2010C Grand Rapids Building Authority Bonds (Gallery)	4.15-5.9%	10-20 to 10-35	5,185,000	-	(5,185,000)	-	-
2020A Grand Rapids Building Authority Bonds	4.0-5.0%	10-21 to 10-35	-	4,245,000	-	4,245,000	210,000
2020B Grand Rapids Building Authority Bonds	0.35-2.05%	10-21 to 10-32	-	8,742,762	-	8,742,762	812,762
Total other debt			433,140,000	12,987,762	(26,295,000)	419,832,762	15,892,762
Unamortized bond premiums			59,551,258	817,388	(2,976,359)	57,392,287	-
Total bonds and contracts payable			516,767,552	13,805,150	(30,844,713)	499,727,989	17,475,257
Compensated absences			2,538,846	2,071,999	(1,587,778)	3,023,067	1,233,839
Total business-type activities			\$ 519,306,398	\$ 15,877,149	\$ (32,432,491)	\$ 502,751,056	\$ 18,709,096

Component Units

	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 - Kent County Drain Commission Contracts Payable (2008 Floodwalls)	4%	11-20	\$ 52,700	\$ -	\$ (52,700)	\$ -	\$ -
Other debt:							
2017 Downtown Development Authority Refunding Bonds	5%	5-21 to 5-22	12,835,000	-	(6,345,000)	6,490,000	6,490,000
2012 Brownfield Redevelopment Authority Bonds	3-4%	6-21 to 6-32	1,695,000	-	(115,000)	1,580,000	120,000
Total other debt			14,530,000	-	(6,460,000)	8,070,000	6,610,000
Unamortized bond premiums			1,041,072	-	(520,536)	520,536	-
Total bonds and contracts payable			15,623,772	-	(7,033,236)	8,590,536	6,610,000
Compensated absences			701,515	522,508	(436,036)	787,987	321,611
Total component units			\$ 16,325,287	\$ 522,508	\$ (7,469,272)	\$ 9,378,523	\$ 6,931,611

Note 6 - Long-term Debt (Continued)

On November 18, 2020, the Grand Rapids Building Authority issued General Obligation Limited Tax Refunding Bonds Series 2020A (exempt) and Series 2020B (federally taxable) in the amounts of \$5,805,000 with interest rates ranging from 4-5 percent and \$11,050,000 with interest rates ranging from 0.35-2.25 percent, respectively, with maturities at varying amounts from October 2021 to 2039. The net proceeds of \$17,768,867 (including premium of \$1,082,417 less underwriter's discount of \$168,550) were used for the issue costs of the bonds and deposited into an escrow fund for the redemption of \$1,770,000 of Series 2010A, \$4,925,000 of Series 2010C, \$1,905,000 of Series 2010B, and \$8,525,000 of Series 2011 bonds. The net present value savings is \$2,296,258. The net carrying value of the old debt exceeded the reacquisition price by \$2,070,120, which will be amortized over the life of the refunding bonds.

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.

The bonds issued by the GRBA have been recorded in the governmental activities for government-wide presentation except for the Series 2010C issue for the purchase of the Gallery on Fulton Ramp and a majority of the Series 2011 refunding bond for which the obligations and related assets are recorded in the Parking System enterprise fund. The Series 2010C and 2011 issues were refunded with the Series 2020A and B issues in the current fiscal year, as described above. The City pays the current debt service requirements on these bonds in the form of lease payments to the GRBA. The City has pledged its limited full faith and credit on these bonds.

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 \$25,831,425 or the 2013 JBA bonds of \$1,790,000. 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.

As of and for the Year Ended June 30, 2021

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	
2022	\$ 1,018,000	\$ 550,882	\$ 4,742,238	\$ 1,711,467	\$ 8,022,587
2023	1,049,800	519,616	4,825,000	1,528,775	7,923,191
2024	1,035,001	486,497	5,020,000	1,327,819	7,869,317
2025	1,075,000	451,798	5,225,000	1,115,533	7,867,331
2026	1,100,000	414,459	5,460,000	890,502	7,864,961
2027-2031	4,339,999	1,486,721	11,155,000	2,295,832	19,277,552
2032-2036	3,915,000	600,876	3,105,000	1,278,851	8,899,727
2037-2041	640,000	16,000	3,655,000	501,950	4,812,950
2042-2046	-	-	610,000	12,200	622,200
2047-2051	-	-	-	-	-
Total	\$ 14,172,800	\$ 4,526,849	\$ 43,797,238	\$ 10,662,929	\$ 73,159,816

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,582,495	\$ 547,701	\$ 15,892,762	\$ 19,852,577	\$ 37,875,535
2023	1,632,765	508,207	16,595,000	19,099,903	37,835,875
2024	1,668,199	467,563	17,410,000	18,310,215	37,855,977
2025	1,485,000	425,974	18,240,000	17,478,657	37,629,631
2026	1,510,000	389,110	19,185,000	16,604,294	37,688,404
2027-2031	8,195,000	1,359,135	95,700,000	69,581,990	174,836,125
2032-2036	5,851,417	391,367	98,130,000	46,745,398	151,118,182
2037-2041	578,064	7,226	71,070,000	25,839,875	97,495,165
2042-2046	-	-	43,375,000	11,855,950	55,230,950
2047-2051	-	-	24,235,000	2,395,100	26,630,100
Total	\$ 22,502,940	\$ 4,096,283	\$ 419,832,762	\$ 247,763,959	\$ 694,195,944

Years Ending June 30	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
2022	\$ 6,610,000	\$ 382,813	\$ 6,992,813
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
2027-2031	765,000	119,256	884,256
2032-2036	170,000	6,375	176,375
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
Total	\$ 8,070,000	\$ 693,669	\$ 8,763,669

As of and for the Year Ended June 30, 2021

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, 2021

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, 2020 were 7.1 and 46.0 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, 2020	June 30, 2020
Retirees and beneficiaries receiving pension benefits	758	1,189
Terminated plan members entitled to but not yet receiving benefits	19	106
Active plan members	<u>460</u>	<u>418</u>
Total employees covered by the plan	<u><u>1,237</u></u>	<u><u>1,713</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, 2014 and December 31, 2014 was used to set the assumptions used to calculate net pension liability presented herein and future contributions. The most recent study covered the five years ended June 30, 2019 and December 31, 2019 and will be used to set assumptions in future years.

For fiscal year 2021, the contribution rates for the Police and Fire Retirement System were 9.86 to 14.66 percent for plan members and 28.02 percent for the City (employer). For fiscal year 2021, the contribution rates for the General Retirement System were 3.00 to 11.54 percent for plan members and 39.31 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, 2020 for the Police and Fire Retirement System and June 30, 2020 for the General Retirement System based on actuarial valuations as of those dates.

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As of and for the Year Ended June 30, 2021

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, 2019	\$ 551,402,087	\$ 445,827,489	\$ 105,574,598
Changes for the year:			
Service cost	9,269,719	-	9,269,719
Interest	38,670,466	-	38,670,466
Differences between expected and actual experience	2,397,342	-	2,397,342
Changes in assumptions	16,339,734	-	16,339,734
Contributions - Employer	-	10,716,480	(10,716,480)
Contributions - Employee	-	5,379,200	(5,379,200)
Net investment income	-	44,596,181	(44,596,181)
Benefit payments, including refunds	(30,382,544)	(30,382,544)	-
Administrative expenses	-	(576,813)	576,813
Miscellaneous other charges	-	(56,632)	56,632
Net changes	36,294,717	29,675,872	6,618,845
Balance at December 31, 2020	<u>\$ 587,696,804</u>	<u>\$ 475,503,361</u>	<u>\$ 112,193,443</u>

General Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 539,265,786	\$ 419,215,052	\$ 120,050,734
Changes for the year:			
Service cost	4,576,153	-	4,576,153
Interest	36,699,090	-	36,699,090
Differences between expected and actual experience	(945,207)	-	(945,207)
Changes in assumptions	12,565,643	-	12,565,643
Contributions - Employer	-	11,325,243	(11,325,243)
Contributions - Employee	-	2,595,588	(2,595,588)
Net investment income	-	5,494,862	(5,494,862)
Benefit payments, including refunds	(34,562,300)	(34,562,300)	-
Administrative expenses	-	(605,388)	605,388
Miscellaneous other charges	-	(54,466)	54,466
Net changes	18,333,379	(15,806,461)	34,139,840
Balance at June 30, 2020	<u>\$ 557,599,165</u>	<u>\$ 403,408,591</u>	<u>\$ 154,190,574</u>

As of and for the Year Ended June 30, 2021

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, 2021, the City recognized pension expense of \$18,631,746. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,096,633	\$ 847,881
Changes in assumptions	19,675,934	-
Net difference between projected and actual earnings on pension plan investments	20,879,547	20,358,503
Employer contributions to the plan subsequent to the measurement date	16,884,178	-
Total	<u>\$ 61,536,292</u>	<u>\$ 21,206,384</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 years for the Police and Fire System and 2.3 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
2022	\$ 10,892,004
2023	10,811,786
2024	(685,406)
2025	2,427,346
Total	<u>\$ 23,445,730</u>

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As of and for the Year Ended June 30, 2021

Note 7 - Pension Plans (Continued)

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, 2020	June 30, 2020
Project salary increases	3.00% - 20.00%	3.00% - 7.16%
Inflation assumptions	3.00% - wage, 2.25% - Price	2.25% - Wage, no explicit price inflation
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Mortality rates	Pub-2010 Amount-weighted Public Safety mortality tables projected using MP-2019 scale	Pub-2010 Amount-weighted Public Safety mortality tables projected using MP-2019 scale

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 of 7.0 percent as of the measurement dates of the General Retirement System liabilities and 7.0 percent as of the measurement date of the Police and Fire Retirement System liabilities. 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 were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on 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, 2.13 percent at June 30, 2020 and 2.25 percent at December 31, 2020.

As of and for the Year Ended June 30, 2021

Note 7 - Pension Plans (Continued)

The current asset allocation policy for each pension system and the expected arithmetic real rate of return (net of projected inflation) of each asset class as of December 31, 2020 and June 30, 2020 is shown below:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2020
U.S. equity	17.75 %	5.03 %
Non-U.S. equity	17.75	5.42
Fixed income	24.50	2.23
Treasury inflation-protected securities	5.00	2.00
Real estate securities	5.00	4.25
Private equity	5.00	7.67
Commodities	5.00	2.78
Master limited partnerships	5.00	6.18
Private credit	5.00	5.14
Global low volatility	10.00	5.29

General Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2020
U.S. equity	17.75 %	5.60 %
Non-U.S. equity	17.75	5.98
Fixed income	24.50	2.72
Treasury inflation-protected securities	5.00	2.43
Real estate securities	5.00	4.78
Private equity	5.00	8.52
Commodities	5.00	3.18
Master limited partnerships	5.00	7.53
Private credit	5.00	6.58
Global low volatility	10.00	5.86

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 Police and Fire Retirement System and the General 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	\$ 183,611,885	\$ 112,193,443	\$ 53,500,730
Net pension liability of the General Retirement System	215,827,883	154,190,574	102,204,105

Note 7 - Pension Plans (Continued)

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 7.15 to 7.00 percent. Both plans began using the Pub-2010 mortality tables updated from the RP-2014 tables and saw 0.25 percent reductions in salary and inflations assumptions.

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;
- 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; and
- 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.

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As of and for the Year Ended June 30, 2021

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	\$ 215,622,479	\$ 38,506,551	\$ 12,254,987	\$ 266,384,017
Pension expense	40,988,218	5,515,507	1,478,785	47,982,510
Deferred outflows of resources representing contributions subsequent to the measurement date	13,165,906	2,818,146	900,126	16,884,178
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	14,005,728	5,214,323	1,659,496	20,879,547
Deferred outflows of resources representing the differences between expected and actual experience	4,096,633	-	-	4,096,633
Deferred outflows of resources representing assumption changes	17,265,601	1,828,424	581,909	19,675,934
Deferred inflows of resources representing the differences between expected and actual experience	(568,747)	(211,745)	(67,389)	(847,881)
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	(20,358,503)	-	-	(20,358,503)
Amortization of deferred amounts:				
2022	\$ 7,452,998	\$ 2,608,752	\$ 830,254	\$ 10,892,004
2023	8,798,962	1,526,883	485,941	10,811,786
2024	(2,717,324)	1,541,367	490,551	(685,406)
2025	906,076	1,154,000	367,270	2,427,346
Total	\$ 14,440,712	\$ 6,831,002	\$ 2,174,016	\$ 23,445,730
Sensitivity analysis:				
General Retirement System net pension liability at 6.00 percent discount rate	\$ 149,058,436	\$ 49,615,558	\$ 17,153,889	\$ 215,827,883
General Retirement System net pension liability at 8.00 percent discount rate	70,585,802	23,495,174	8,123,129	102,204,105

As of and for the Year Ended June 30, 2021

Note 9 - Other Postemployment Benefit Trust Funds

The following are condensed financial statements for the individual postemployment health care plans:

	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	Total
Statement of Net Position				
Equity in pooled cash and investments	\$ 804,350	\$ 317,806	\$ 284,240	\$ 1,406,396
Investments held by trustee - Diversified investment pool	17,479,603	46,977,087	25,120,871	89,577,561
Receivables - Net	2,781	947	719	4,447
Vouchers and accounts payable	<u>(91,846)</u>	<u>(251,875)</u>	<u>(105,545)</u>	<u>(449,266)</u>
Net position	<u>\$ 18,194,888</u>	<u>\$ 47,043,965</u>	<u>\$ 25,300,285</u>	<u>\$ 90,539,138</u>
Statement of Changes in Net Position				
Employer contributions	\$ 2,444,430	\$ 1,378,330	\$ 1,421,902	\$ 5,244,662
Investment income	3,526,908	10,122,594	5,323,922	18,973,424
Benefits paid	(1,741,657)	(2,286,342)	(1,700,811)	(5,728,810)
Administration expense	(172,386)	(199,014)	(140,795)	(512,195)
Federal grants	<u>36,077</u>	<u>70,267</u>	<u>29,311</u>	<u>135,655</u>
Change in net position	<u>\$ 4,093,372</u>	<u>\$ 9,085,835</u>	<u>\$ 4,933,529</u>	<u>\$ 18,112,736</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, 2020, while the actuarial valuation date to determine required contributions was June 30, 2019.

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 responsibility for the custody and investment of plan assets has been delegated to the Municipal Employees' Retirement System of Michigan (MERS), which operates a number of multiemployer cost-sharing and agent pension, OPEB, and defined contribution retirement plans for Michigan municipalities.

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, 2021

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, 2020	June 30, 2020	June 30, 2020
Retirees and beneficiaries receiving benefit payments	205	126	109
Inactive plan members entitled to but not yet receiving benefit payments	-	24	4
Active plan members	901	296	189
Total plan members	<u>1,106</u>	<u>446</u>	<u>302</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 2021, the City contributed \$5,244,662 to the three plans. Retiree premium payments of \$1,333,600 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 8.51 percent for firefighters, 6.33 percent for police officers, and 5.96 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, 2021

Note 10 - Other Postemployment Benefit Plans (Continued)

Net OPEB Liability

The City reports the net OPEB liability on its financial statements using a measurement date of June 30, 2020. Changes in the City's net OPEB liability resulting from the operation of the three plans during the measurement year ended June 30, 2020 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, 2019	\$ 44,499,431	\$ 12,901,210	\$ 31,598,221
Changes for the year:			
Service cost	625,532	-	625,532
Interest	2,171,878	-	2,171,878
Differences between expected and actual experience	(12,678,006)	-	(12,678,006)
Changes in assumptions	1,000,494	-	1,000,494
Contributions - Employer	-	3,761,766	(3,761,766)
Net investment income	-	370,640	(370,640)
Benefit payments, including refunds	(2,749,260)	(2,749,260)	-
Administrative expenses	-	(182,840)	182,840
Net changes	(11,629,362)	1,200,306	(12,829,668)
Balance at June 30, 2020	\$ 32,870,069	\$ 14,101,516	\$ 18,768,553

Police Retiree Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 56,962,269	\$ 36,571,540	\$ 20,390,729
Changes for the year:			
Service cost	804,671	-	804,671
Interest	2,813,960	-	2,813,960
Differences between expected and actual experience	(14,875,348)	-	(14,875,348)
Changes in assumptions	1,586,120	-	1,586,120
Contributions - Employer	-	2,786,728	(2,786,728)
Net investment income	-	944,532	(944,532)
Benefit payments, including refunds	(2,170,815)	(2,170,815)	-
Administrative expenses	-	(173,855)	173,855
Net changes	(11,841,412)	1,386,590	(13,228,002)
Balance at June 30, 2020	\$ 45,120,857	\$ 37,958,130	\$ 7,162,727

As of and for the Year Ended June 30, 2021

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, 2019	\$ 34,541,918	\$ 20,398,971	\$ 14,142,947
Changes for the year:			
Service cost	758,192	-	758,192
Interest	1,683,852	-	1,683,852
Differences between expected and actual experience	(7,774,257)	-	(7,774,257)
Changes in assumptions	916,082	-	916,082
Contributions - Employer	-	2,106,558	(2,106,558)
Net investment income	-	487,782	(487,782)
Benefit payments, including refunds	(2,487,966)	(2,487,966)	-
Administrative expenses	-	(138,589)	138,589
Net changes	(6,904,097)	(32,215)	(6,871,882)
Balance at June 30, 2020	\$ 27,637,821	\$ 20,366,756	\$ 7,271,065

The components of the net OPEB liability of the City of Grand Rapids, Michigan at June 30, 2021 were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 31,919,469	\$ 46,052,515	\$ 27,657,846	\$ 105,629,830
Less plan fiduciary net position	(18,194,888)	(47,043,965)	(25,300,285)	(90,539,138)
City's net OPEB liability (asset)	\$ 13,724,581	\$ (991,450)	\$ 2,357,561	\$ 15,090,692

The plan fiduciary net position as a percent of the total OPEB liability at June 30, 2021 is 57.00 percent for the General Plan, 102.15 percent for the Police Plan, and 91.48 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, 2021, the City recognized OPEB expense of \$8,001,548 from all plans.

At June 30, 2021, 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	\$ 328,703	\$ 44,933,391
Changes in assumptions	3,027,773	7,195,465
Net difference between projected and actual earnings on OPEB plan investments	882,019	-
Employer contributions to the plan subsequent to the measurement date	5,244,663	-
Total	\$ 9,483,158	\$ 52,128,856

As of and for the Year Ended June 30, 2021

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 \$5,244,663 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, 2022. 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
2022	\$ (8,597,870)
2023	(7,900,340)
2024	(7,651,828)
2025	(7,886,719)
2026	(7,942,696)
Thereafter	(7,910,908)
Total	<u>\$ (47,890,361)</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, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Investment rate of return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected salary increase	3.00 - 7.16%	3.25 - 7.41%	4.00 - 20.00%	4.25 - 20.25%	4.00 - 20.00%	4.25 - 20.25%
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	8.4% grading to 3.5% in 2029	7.7% grading to 3.5% in 2030	8.4% grading to 3.5% in 2029	7.7% grading to 3.5% in 2030	8.4% grading to 3.5% in 2029
Health care inflation rate - Dental and vision	3.5% in all years					

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, 2020 and June 30, 2021. 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.

As of and for the Year Ended June 30, 2021

Note 10 - Other Postemployment Benefit Plans (Continued)

Long-term Expected Rate of Return and Asset Allocation

MERS calculates the long-term expected rate of return on the OPEB plan investments using a forward-looking estimate of capital market returns model for each major investment asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent and deducting investment expenses. The estimated arithmetic real rates of return for each portfolio and the average expected allocation of each plan to the portfolios are as follows:

Investment Type	Expected Real Return	Target Allocation of Each Portfolio	Expected Asset Allocation Over the Life of the Plan			Combined Plans
			General	Police	Fire	
Multiasset diversified portfolio consisting of:						
Global equity	5.25 %	60.00 %	44.40 %	30.50 %	33.30 %	33.30 %
Global fixed income	1.25	20.00	14.80	10.20	11.10	11.10
Private investments	7.25	20.00	20.80	14.30	15.60	15.60
Total portfolio	5.00	100.00	80.00	55.00	60.00	60.00
Short-term income portfolio consisting of U.S. bonds	(1.50)	100.00	20.00	45.00	40.00	40.00
Total	2.40 %	- %	100.00 %	100.00 %	100.00 %	100.00 %

The plans' actuary has projected cash flows over the life of each plan. As noted above, the plans use a varying proportion of these funds each year. The proportion of assets invested in the lower-risk and lower-return short-term income portfolio is very low during the current asset accumulation phase of the plans but under the current asset allocation model will constitute over 40 percent of assets by 2034. The average allocation between the two portfolios over the projected life of the three plans is projected to be a 60/40 percent split. The plans have elected to use an expected rate of return of 5.0 percent in the actuarial calculations. That rate of return is consistent with MERS current published real return expectations, plus inflation at 2.5 percent and the projected average plan asset allocation.

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

The following tables 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 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, 2021 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	\$ 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

As of and for the Year Ended June 30, 2021

Note 10 - Other Postemployment Benefit Plans (Continued)

	June 30, 2020 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	\$ 20,687,383	\$ 18,768,553
Net OPEB liability of the Police Retiree Plan	10,369,154	7,162,727	4,222,785
Net OPEB liability of the Fire Retiree Plan	8,954,822	7,271,065	5,704,058

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, 2021 Health Care Cost Trend Rate		
	1 Percentage Point Decrease	Health Care Cost Trend Rate	1 Percentage 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

	June 30, 2020 Health Care Cost Trend Rate		
	1 Percentage Point Decrease	Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the General Retiree Plan	\$ 16,445,691	\$ 18,768,553	\$ 21,342,258
Net OPEB liability of the Police Retiree Plan	3,604,180	7,162,727	11,091,634
Net OPEB liability of the Fire Retiree Plan	5,118,122	7,271,065	9,682,619

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

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.

Investments

Under an agreement with the Municipal Employees' Retirement System of Michigan, a public corporation established by the Michigan Legislature to provide pooled retirement plans for Michigan municipalities on a voluntary basis, the City's three plans became participants in the MERS Retiree Health Funding Vehicle, a governmental trust established under Section 115 of the Internal Revenue Code, and began funding the trust in 2010. MERS is the trustee, investment fiduciary, and manager for the plans' assets that are held in subaccounts within the collective and commingled investment pool of all funds held in trust for approximately 750 Michigan municipal employers.

As of and for the Year Ended June 30, 2021

Note 10 - Other Postemployment Benefit Plans (Continued)

The MERS Retiree Health Funding Vehicle is available to all municipalities in Michigan. Participating municipalities can contribute moneys to the trust as desired, and no contribution method is imposed. The Retiree Health Funding Vehicle has 13 investment portfolio choices. After careful review, city staff have allocated assets between two of these portfolios based on the actuarial projections of a need to make withdrawals to pay benefits during the next two years. This system should reduce the need to sell more volatile assets during a market downturn to pay benefits.

At June 30, 2021 the General, Police, and Fire Retiree Health Care plans had 100 percent of assets invested in the MERS Total Market Portfolio, which is the most diversified of the available portfolio options.

For the year ended June 30, 2021, MERS calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as 2.32 percent for the Total Market Portfolio and 4.18 percent for the Short-Term Income Fund. Over the same time period the plans had the following money-weighted rates of return for their actual investments: General Plan - 2.34 percent, Police Plan - 2.33 percent, and Fire Plan - 2.17 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	\$ 26,993,589	\$ 4,373,942	\$ 1,834,814	\$ 33,202,345
OPEB (recovery) expense	(7,690,462)	(1,084,966)	773,610	(8,001,818)
Deferred outflows of resources representing contributions subsequent to the measurement date	4,420,498	569,667	254,498	5,244,663
Deferred outflows of resources representing the net difference between projected and actual earnings on OPEB plan investments	809,314	51,219	21,486	882,019
Deferred outflows of resources representing the differences between expected and actual experience	328,703	-	-	328,703
Deferred outflows of resources representing assumption changes	2,736,149	205,443	86,181	3,027,773
Deferred inflows of resources representing the differences between expected and actual experience	(39,435,253)	(3,873,326)	(1,624,812)	(44,933,391)
Deferred inflows of resources representing assumption changes	(6,353,645)	(593,045)	(248,775)	(7,195,465)
Amortization of deferred amounts:				
2022	\$ (7,694,626)	\$ (636,317)	\$ (266,927)	\$ (8,597,870)
2023	(7,026,798)	(615,393)	(258,149)	(7,900,340)
2024	(6,785,485)	(610,321)	(256,022)	(7,651,828)
2025	(7,009,865)	(617,726)	(259,128)	(7,886,719)
2026	(7,053,190)	(626,639)	(262,867)	(7,942,696)
Thereafter	(6,344,768)	(1,103,313)	(462,827)	(7,910,908)
Total	\$ (41,914,732)	\$ (4,209,709)	\$ (1,765,920)	\$ (47,890,361)

As of and for the Year Ended June 30, 2021

Note 11 - Other Postemployment Benefit Plan Allocations (Continued)

Sensitivity analysis:

General Retiree Plan net OPEB liability at 4.00 percent discount rate (June 30, 2020 measurement date)	\$ 13,843,866	\$ 4,821,118	\$ 2,022,399	\$ 20,687,383
General Retiree Plan net OPEB liability at 6.00 percent discount rate (June 30, 2020 measurement date)	11,363,304	3,957,263	1,660,022	16,980,589
General Retiree Plan net OPEB liability with 1 percentage point decrease in health care cost trend rate (June 30, 2020 measurement date)	11,005,353	3,832,607	1,607,731	16,445,691
General Retiree Plan net OPEB liability with 1 percentage point increase in health care cost trend rate (June 30, 2020 measurement date)	14,282,105	4,973,734	2,086,419	21,342,258

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As of and for the Year Ended June 30, 2021

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, 2021 were as follows:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Major Streets Fund	\$ 3,400,000
	Nonmajor governmental funds	11,279,126
	Water Supply System	104,897
	Nonmajor enterprise funds	415,000
	Total General Fund	15,199,023
Major Streets Fund	Local Streets Fund	3,104,645
	General Capital Construction	20,000
	Nonmajor governmental funds	9,786,715
Total Major Streets Fund		12,911,360
Local Streets Fund	Major Streets Fund	354,335
General Capital Construction Fund	Nonmajor governmental funds	2,436,367
	Major Streets Fund	210,100
	Water Supply System	38,514
	Nonmajor enterprise funds	325,000
Total General Capital Construction Fund		3,009,981
Nonmajor governmental funds	General Fund	4,476,570
	Major Streets Fund	64,784
	General Capital Construction Fund	20,000
	Nonmajor governmental funds	453,099
	Nonmajor enterprise funds	67,992
Total nonmajor governmental funds		5,082,445
Water Supply System	Nonmajor governmental funds	21,105
Parking System	General Fund	140,000
Nonmajor enterprise funds	Nonmajor governmental funds	132,351
Facilities Management Fund	General Capital Construction Fund	20,000
Motor Equipment Fund	General Capital Construction Fund	20,000
Engineering Services Fund	Nonmajor governmental funds	2,309
Total		<u>\$ 36,892,909</u>

As of and for the Year Ended June 30, 2021

Note 13 - Tax Abatements

As of June 30, 2021, 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 2021, the City abated \$126,310 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 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 2021, the City abated \$133,937 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 amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.

As of and for the Year Ended June 30, 2021

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 2021, the City abated \$240,181 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 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 2021, the City abated \$176,653 of taxes under this program. There are no provisions to recapture abated taxes.

As of and for the Year Ended June 30, 2021

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 2021, the City abated \$1,796,760 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 \$158,818 for fiscal year 2021. 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.
- **Tool and Die Recovery Renaissance Zones**: The purpose of this program is to encourage investment by tool and die companies in their facilities and equipment acquisitions and encourage collaboration among tool and die companies to help them retain existing jobs, and strengthen the companies to make them more competitive in the global market. 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. To be eligible to receive the abatement, applicants must be a part of a collaboration of tool and die companies and apply to participate in the program. 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 3 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 \$1,425 for fiscal year 2021. 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, 2021

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 2021, the City abated \$980,150 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 \$10,258 for fiscal year 2021. 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, 2021, employee contributions were \$2,016,827, and the employer contributions were \$2,016,827 to this plan. At June 30, 2021, the plan had 527 active and 96 terminated participants. The fair market value of plan assets was \$22,259,687.

As of and for the Year Ended June 30, 2021

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, 2021, there were 15 active and 20 terminated plan participants with a total fair market value of plan assets for both active and retired participants of approximately \$11,950,730. Contributions made by employees and the City totaled \$136,340 and \$155,279, respectively, for the fiscal year ended June 30, 2021.

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, 2021, the total market value of plan assets was approximately \$117,804,635. Net of the effect of employee contributions, withdrawals, and earnings, the fair market value of plan assets increased \$22,272,875 for the year ended June 30, 2021. 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, 2021, 994 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2021, regular contributions made by employees and the employer totaled \$846,502 and \$1,665,533, 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 - 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.

As of and for the Year Ended June 30, 2021

**Note 15 - Commitments, Contingencies, and Related Party Transactions
(Continued)**

- 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, 2021, the outstanding liability was \$15,350,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2021, the City's portion of the liability was 65.84 percent. For fiscal year 2022, it is budgeted at 64.16 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, 2021 was \$184,363,551.
- Lease Receivable - The City entered into a lease agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The museum leases 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 \$65,771 and \$15,500, respectively, at June 30, 2021. 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.
- Lease Receivable - On March 30, 2010, the City acquired a building located at 1120 Monroe Avenue, NW. The building and improvements as of June 30, 2021 total \$4,255,170. The accumulated depreciation at year end is \$1,135,218. The City leases parts of the building to various tenants with terms extending into FY 2022. The total lease revenue for FY 2021 was \$185,785. The aggregate amount of future minimum lease payments receivable for FY 2022 is \$118,849.

Note 16 - Operating Leases

The City entered into a lease agreement with Kent County, Michigan in October 1998, where the City leases part of the courthouse facility from the County. The lease is scheduled to expire in fiscal year 2026, and includes operation and maintenance fees. Lease payments to the County for fiscal year 2021 were \$2,999,659. Total future lease payments are as follows:

Years Ending June 30	Amount
2022	\$ 2,725,049
2023	2,557,188
2024	2,559,171
2025	2,557,676
2026	2,498,063

As of and for the Year Ended June 30, 2021

Note 17 - Fund Balance Constraints

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

Nonspendable:		
Inventory		\$ 1,468,596
Nonexpendable/Endowment		<u>3,095,335</u>
Total nonspendable		4,563,931
Restricted:		
General government - Michigan Incident Defense Commission		138,708
Public safety - Law enforcement		1,515,638
Urban and community development:		
Community development grants		1,310,084
Home ownership income diversity		358,233
Special assessments		850,620
Culture and recreation:		
Library programs		423,269
Parks and recreation		2,960
Statue maintenance		113,481
Public works - Major and local street work		14,947,795
Authorized projects - Capital projects-bond proceeds		<u>504,580</u>
Total restricted		20,165,368
Committed:		
Authorized projects:		
Transformation projects		154,733
Housing trust fund		100,000
Streets capital projects		2,012,290
General capital projects		16,436,904
Urban and community development - Third ward equity		223,002
Other purposes:		
Budget stabilization		14,298,835
Perpetual care - Cemetery		<u>1,496,406</u>
Total committed		34,722,170
Assigned:		
Culture and recreation:		
Library programs		6,254,360
Parks and recreation		4,397,517
General special revenue		56,531
Public safety:		
Community dispatch		331,820
General Fund		1,925,766
Urban and community development:		
Building inspections		6,500,966
Affordable housing		77,581
Property management		253,012
Economic development		336,935
Public works:		
Refuse		4,754,055
Sidewalk repair		1,150,920
Vehicle storage		680,398
Ensuing budget year - Economic development		24,390
Compensated absences		12,684,536
Other purposes:		
Debt service		1,584,270
Encumbrances - General Fund		<u>1,066,838</u>
Total assigned		42,079,895
Unassigned		<u>45,055,336</u>
Total fund balance		<u>\$ 146,586,700</u>

As of and for the Year Ended June 30, 2021

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:

	2021	2020
Unpaid claims - Beginning of year	\$ 5,894,620	\$ 5,894,620
Incurred claims - Net of changes in estimates	21,931,967	27,715,401
Claim payments	<u>(23,307,489)</u>	<u>(27,715,401)</u>
Unpaid claims - End of year	<u>\$ 4,519,098</u>	<u>\$ 5,894,620</u>

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 July 20, 2021, the City issued General Obligation Limited Tax Capital Improvement Bonds, Series 2021, in the amount of \$11,790,000, with interest rates ranging from 2.1 to 4.0 percent, maturing in October 2041. The net proceeds of \$12,229,558 (including premium of \$630,889 less underwriter's discount of \$104,931 and issuance costs of \$86,400) were used for streetlighting improvements.

On July 21, 2021, the City issued Sanitary Sewer System Revenue Refunding Bonds, Series 2021, in the amount of \$101,700,000, with interest rates ranging from 0.3 to 2.4 percent, maturing in January 2042. The net proceeds of \$104,935,401 (including debt service reserve release of \$4,061,324 less issuance costs of \$825,923) will be placed in an escrow fund to redeem the Series 2012 and Series 2013 Refunded Bonds.

Note 20 - Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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*.

As of and for the Year Ended June 30, 2021

Note 20 - Upcoming Accounting Pronouncements (Continued)

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*.

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Required Supplemental Information

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Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 15,110,168	\$ 15,110,168	\$ 15,337,536	\$ 227,368
Income taxes	84,588,771	84,588,771	84,489,541	(99,230)
Intergovernmental:				
Federal grants	-	13,315,038	13,381,982	66,944
State sources:				
State-shared taxes	17,028,216	17,028,216	21,138,025	4,109,809
State grants	1,175,076	1,175,076	1,234,406	59,330
Other grants and contributions	160,500	451,352	407,830	(43,522)
Charges for services	14,938,473	15,036,473	13,762,958	(1,273,515)
Fines and forfeitures	2,253,000	2,253,000	1,919,786	(333,214)
Licenses and permits	2,811,168	2,811,168	2,317,680	(493,488)
Investment earnings	755,196	755,196	1,027,480	272,284
Other revenue	266,597	266,597	413,904	147,307
Total revenue	139,087,165	152,791,055	155,431,128	2,640,073
Expenditures				
Current services:				
General government	34,405,841	35,366,392	34,663,729	702,663
Public safety	87,001,981	90,824,004	88,438,490	2,385,514
Public works	6,117,463	6,676,286	6,032,431	643,855
Urban and community development	6,538,843	7,345,248	6,006,424	1,338,824
Total expenditures	134,064,128	140,211,930	135,141,074	5,070,856
Excess of Revenue Over Expenditures	5,023,037	12,579,125	20,290,054	7,710,929
Other Financing Sources (Uses)				
Transfers in	3,769,482	3,769,482	4,616,570	847,088
Transfers out	(12,319,068)	(16,092,039)	(15,199,023)	893,016
Budgeted appropriation lapse	5,217,134	5,217,134	-	(5,217,134)
Total other financing uses	(3,332,452)	(7,105,423)	(10,582,453)	(3,477,030)
Net Change in Fund Balance	1,690,585	5,473,702	9,707,601	4,233,899
Fund Balance - Beginning of year	64,170,973	64,170,973	64,170,973	-
Fund Balance - End of year	\$ 65,861,558	\$ 69,644,675	\$ 73,878,574	\$ 4,233,899

City of Grand Rapids, Michigan

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

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Income taxes	\$ 11,416,589	\$ 11,416,589	\$ 11,403,604	\$ (12,985)
Intergovernmental:				
Federal grants	480,000	569,219	594,673	25,454
State-shared taxes	15,555,212	17,055,212	19,486,153	2,430,941
Other grants and contributions	-	-	25,000	25,000
Charges for services	2,215,996	2,215,996	2,906,812	690,816
Investment earnings (loss)	210,620	210,620	(75,178)	(285,798)
Other revenue	60,500	60,500	110,035	49,535
Total revenue	29,938,917	31,528,136	34,451,099	2,922,963
Expenditures				
Current services - Public works	12,592,702	12,664,238	11,553,736	1,110,502
Capital outlay	5,923,402	4,489,533	5,181,299	(691,766)
Debt service:				
Principal	17,140,000	17,140,000	17,140,000	-
Interest and fiscal charges	863,850	863,850	862,060	1,790
Total expenditures	36,519,954	35,157,621	34,737,095	420,526
Excess of Expenditures Over Revenue	(6,581,037)	(3,629,485)	(285,996)	3,343,489
Other Financing Sources (Uses)				
Transfers in	2,274,784	4,374,784	4,029,219	(345,565)
Transfers out	(11,704,893)	(14,056,714)	(12,911,360)	1,145,354
Budgeted appropriation lapse	570,161	570,161	-	(570,161)
Total other financing uses	(8,859,948)	(9,111,769)	(8,882,141)	229,628
Net Change in Fund Balance	(15,440,985)	(12,741,254)	(9,168,137)	3,573,117
Fund Balance - Beginning of year	22,885,703	22,885,703	22,885,703	-
Fund Balance - End of year	\$ 7,444,718	\$ 10,144,449	\$ 13,717,566	\$ 3,573,117

City of Grand Rapids, Michigan

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

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental:				
Federal grants	\$ -	\$ 714	\$ 714	\$ -
State-shared taxes	5,185,070	4,885,070	5,231,480	346,410
Charges for services	653,619	653,619	717,618	63,999
Investment earnings	19,027	19,027	4,061	(14,966)
Other revenue	20,000	20,000	42,770	22,770
Total revenue	5,877,716	5,578,430	5,996,643	418,213
Expenditures				
Current services - Public works	4,837,403	5,587,403	5,036,328	551,075
Capital outlay	1,964,733	3,864,733	3,065,938	798,795
Total expenditures	6,802,136	9,452,136	8,102,266	1,349,870
Excess of Expenditures Over Revenue	(924,420)	(3,873,706)	(2,105,623)	1,768,083
Other Financing Sources (Uses)				
Transfers in	1,240,000	4,290,000	3,104,645	(1,185,355)
Transfers out	(400,000)	(750,000)	(354,335)	395,665
Budgeted appropriation lapse	138,108	138,108	-	(138,108)
Total other financing sources	978,108	3,678,108	2,750,310	(927,798)
Net Change in Fund Balance	53,688	(195,598)	644,687	840,285
Fund Balance - Beginning of year	1,620,097	1,620,097	1,620,097	-
Fund Balance - End of year	<u>\$ 1,673,785</u>	<u>\$ 1,424,499</u>	<u>\$ 2,264,784</u>	<u>\$ 840,285</u>

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

	Last Seven Fiscal Years*						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 9,269,719	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069	\$ 7,794,219
Interest	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	2,397,342	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107	2,978,624
Changes in assumptions	16,339,734	-	-	5,497,995	1,551,086	35,683,769	-
Benefit payments, including refunds	(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	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	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	\$ 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	\$ 10,716,480	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297	\$ 6,331,848
Contributions - Member	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)	44,596,181	71,134,823	(24,672,147)	53,740,592	25,712,944	(9,083,712)	29,390,902
Administrative expenses	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)	(523,607)
Benefit payments, including refunds	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Other	(56,632)	(44,775)	(45,967)	(2)	-	-	(15,065)
Net Change in Plan Fiduciary Net Position	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	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	\$ 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	\$ 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	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %	100.71 %
Covered Payroll	\$ 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	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 Pension Contributions
 Police and Fire Retirement System

	Last Eight Fiscal Years*							
	Years Ended June 30							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,466,609	\$ 9,735,689	\$ 9,597,846	\$ 9,086,586	\$ 8,861,774	\$ 5,364,049	\$ 5,807,941	\$ 6,831,550
Contributions in relation to the actuarially determined contribution	11,466,609	9,735,689	9,597,846	9,086,586	8,861,774	5,364,049	5,807,941	6,831,550
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 40,934,644	\$ 39,020,793	\$ 38,720,147	\$ 38,405,325	\$ 37,012,523	\$ 36,402,336	\$ 35,561,982	\$ 35,690,502
Contributions as a Percentage of Covered Payroll	28.01 %	24.95 %	24.79 %	23.66 %	23.94 %	14.74 %	16.33 %	19.14 %

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

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 December 31, six months 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 (25-30 years as of December 31, 2020)
Asset valuation method	5-year smoothed market
Inflation	3.25% wage - 2.50% price inflation
Salary increase	3.25% - 20.25% including inflation
Investment rate of return	7.15% compounded annually
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 Mortality Improvement Scale as of December 31, 2015
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 for eligible police retirees. A 1.5 percent simple escalator for eligible firefighters.

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

Last Eight Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability								
Service cost	\$ 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	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	(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	(34,562,300)	(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	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	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	\$ 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	\$ 11,325,243	\$ 12,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions - Member	2,595,588	2,677,960	2,832,479	3,012,472	3,428,169	3,473,382	3,737,014	3,933,341
Net investment income	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	(605,388)	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)	(523,086)	(476,059)
Benefit payments, including refunds	(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	(54,466)	-	-	-	-	-	(21,741)	(15,873)
Net Change in Plan Fiduciary Net Position	(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	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	\$ 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	\$ 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	72.35 %	77.74 %	79.12 %	79.14 %	76.46 %	82.90 %	93.10 %	83.29 %
Covered Payroll	\$ 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	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 2020 column above represents the measurement date of June 30, 2020, which was used to determine the liability as of June 30, 2021.

Required Supplemental Information
Schedule of Pension Contributions
General Retirement System

Last Nine Fiscal Years*
Years Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 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	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	\$ 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	40.80 %	39.22 %	43.51 %	34.48 %	30.43 %	25.99 %	29.43 %	21.65 %	18.58 %

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

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 (27-30 years as of June 30, 2018)
 Asset valuation method 5-year smoothed market
 Inflation 3.25 percent - No explicit price inflation assumption is used in this valuation
 Salary increase 3.25 - 7.45 percent including inflation
 Investment rate of return 7.15 percent compounded annually (7.25 percent for fiscal year 2017 and 7.5 percent for contribution periods prior to fiscal year 2017)
 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 Five Plan Fiscal Years*

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 660,142	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest	1,616,466	2,171,878	2,660,640	2,729,890	2,815,223
Differences between expected and actual experience	(2,142,892)	(12,678,006)	(6,625,742)	(685,529)	(72,851)
Changes in assumptions	657,341	1,000,494	(3,375,513)	-	-
Benefit payments, including refunds	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Total OPEB Liability	(950,600)	(11,629,362)	(10,086,114)	(2,068,861)	(2,042,512)
Total OPEB Liability - Beginning of year	32,870,069	44,499,431	54,585,545	56,654,406	58,696,918
Total OPEB Liability - End of year	\$ 31,919,469	\$ 32,870,069	\$ 44,499,431	\$ 54,585,545	\$ 56,654,406
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,444,430	\$ 3,761,766	\$ 5,742,193	\$ 5,510,302	\$ 5,068,952
Federal grants	36,078	-	-	-	479,082
Net investment income	3,526,908	370,640	382,690	604,119	907,367
Administrative expenses	(172,387)	(182,840)	(161,545)	(177,180)	(172,119)
Benefit payments, including refunds	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Plan Fiduciary Net Position	4,093,372	1,200,306	2,315,042	755,385	416,848
Plan Fiduciary Net Position - Beginning of year	14,101,516	12,901,210	10,586,168	9,830,783	9,413,935
Plan Fiduciary Net Position - End of year	\$ 18,194,888	\$ 14,101,516	\$ 12,901,210	\$ 10,586,168	\$ 9,830,783
Net OPEB Liability - Ending	\$ 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	57.00 %	42.90 %	28.99 %	19.39 %	17.35 %
Covered Payroll	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Net OPEB Liability as a Percentage of Covered Payroll	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 Contributions - General Retiree Health Care Plan

	Last Five Fiscal Years*				
	Years Ended June 30				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 2,215,019	\$ 3,421,489	\$ 5,288,487	\$ 5,328,910	\$ 5,071,594
Contributions in relation to the actuarially determined contribution	2,480,508	3,761,766	5,742,193	5,510,302	5,068,952
Contribution Excess (Deficiency)	\$ 265,489	\$ 340,277	\$ 453,706	\$ 181,392	\$ (2,642)
Covered Payroll	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Contributions as a Percentage of Covered Payroll	4.14 %	6.64 %	10.56 %	10.77 %	10.47 %

*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	19 years
Asset valuation method	Market value of assets
Inflation	No explicit price inflation assumption used
Health care cost trend rates	8.4% gradually decreasing to 3.5% in year 10
Salary increase	3.25 - 20.25%, including inflation
Investment rate of return	5.0% 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	Non-disabled retirees: RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 mortality improvement scale Disabled retirees: RP-2014 Disabled Retirees Mortality Table projected to 2019 using the MP-2014 mortality improvement scale

City of Grand Rapids, Michigan

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

	Last Five Fiscal Years*				
	Years Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	25.41 %	2.34 %	2.93 %	5.73 %	10.33 %

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

City of Grand Rapids, Michigan

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

Last Five Plan Fiscal Years*

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 690,578	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest	2,216,149	2,813,960	3,201,058	3,188,792	3,056,154
Differences between expected and actual experience	(1,363,025)	(14,875,348)	(5,847,660)	(2,242,917)	246,949
Changes in assumptions	1,674,298	1,586,120	(3,931,708)	-	-
Benefit payments, including refunds	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Total OPEB Liability	931,658	(11,841,412)	(7,539,488)	505,971	2,442,321
Total OPEB Liability - Beginning of year	45,120,857	56,962,269	64,501,757	63,995,786	61,553,465
Total OPEB Liability - End of year	\$ 46,052,515	\$ 45,120,857	\$ 56,962,269	\$ 64,501,757	\$ 63,995,786
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,378,330	\$ 2,786,728	\$ 4,099,293	\$ 4,251,612	\$ 4,319,030
Federal grants	70,268	-	-	-	256,022
Net investment income	10,122,593	944,532	1,064,305	2,300,896	3,173,248
Administrative expenses	(199,014)	(173,855)	(142,446)	(143,142)	(123,462)
Benefit payments, including refunds	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Plan Fiduciary Net Position	9,085,835	1,386,590	2,821,081	4,482,760	5,173,753
Plan Fiduciary Net Position - Beginning of year	37,958,130	36,571,540	33,750,459	29,267,699	24,093,946
Plan Fiduciary Net Position - End of year	\$ 47,043,965	\$ 37,958,130	\$ 36,571,540	\$ 33,750,459	\$ 29,267,699
Net OPEB (Asset) Liability - Ending	\$ (991,450)	\$ 7,162,727	\$ 20,390,729	\$ 30,751,298	\$ 34,728,087
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	102.15 %	84.13 %	64.20 %	52.32 %	45.73 %
Covered Payroll	\$ 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	(3.69)%	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 Contributions - Police Retiree Health Care Plan

	Last Five Fiscal Years*				
	Years Ended June 30				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,253,244	\$ 2,648,182	\$ 3,841,765	\$ 4,207,504	\$ 4,192,648
Contributions in relation to the actuarially determined contribution	1,448,598	2,786,728	4,099,293	4,251,612	4,319,030
Contribution Excess	\$ 195,354	\$ 138,546	\$ 257,528	\$ 44,108	\$ 126,382
Covered Payroll	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Contributions as a Percentage of Covered Payroll	5.40 %	10.84 %	16.03 %	17.20 %	17.72 %

*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	19 years
Asset valuation method	Market value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	8.4% gradually decreasing to 3.5% in year 10
Salary increase	4.25 - 20.25%, including inflation
Investment rate of return	5.0% 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	Non-disabled retirees: RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 mortality improvement scale Disabled retirees: RP-2014 Disabled Retirees Mortality Table projected to 2019 using the MP-2014 mortality improvement scale

City of Grand Rapids, Michigan

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

	Last Five Fiscal Years*				
	Years Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	26.87 %	2.33 %	2.81 %	7.31 %	12.99 %

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

City of Grand Rapids, Michigan

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

Last Five Plan Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 784,961	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest	1,358,995	1,683,852	2,018,137	1,956,635	1,905,021
Differences between expected and actual experience	(1,830,266)	(7,774,257)	(4,759,934)	289,730	129,028
Changes in assumptions	1,407,146	916,082	(2,544,676)	-	-
Benefit payments, including refunds	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Total OPEB Liability	20,025	(6,904,097)	(6,355,151)	1,282,361	994,533
Total OPEB Liability - Beginning of year	27,637,821	34,541,918	40,897,069	39,614,708	38,620,175
Total OPEB Liability - End of year	\$ 27,657,846	\$ 27,637,821	\$ 34,541,918	\$ 40,897,069	\$ 39,614,708
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,421,902	\$ 2,106,558	\$ 2,945,869	\$ 2,999,906	\$ 3,143,699
Federal grants	29,313	-	-	-	187,749
Net investment income	5,323,922	487,782	586,976	1,327,855	1,864,124
Administrative expenses	(140,797)	(138,589)	(116,428)	(111,952)	(100,096)
Benefit payments - Net of retiree premiums	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Plan Fiduciary Net Position	4,933,529	(32,215)	1,242,252	1,959,013	2,773,899
Plan Fiduciary Net Position - Beginning of year	20,366,756	20,398,971	19,156,719	17,197,706	14,423,807
Plan Fiduciary Net Position - End of year	\$ 25,300,285	\$ 20,366,756	\$ 20,398,971	\$ 19,156,719	\$ 17,197,706
Net OPEB Liability - Ending	\$ 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	91.48 %	73.69 %	59.06 %	46.84 %	43.41 %
Covered Payroll	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Net OPEB Liability as a Percentage of Covered Payroll	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.

City of Grand Rapids, Michigan

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

	Last Five Fiscal Years*				
	Years Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	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 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 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.

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.

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.

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Other Supplemental Information

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Budgetary Comparison Schedule, General Operating Fund Expenditures

June 30, 2021

Department	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 3,074,105	\$ 3,150,435	\$ 3,031,251	\$ 119,184
Comptroller's Office	2,675,756	2,683,106	2,460,442	222,664
Fiscal Services	7,384,548	7,394,502	6,636,745	757,757
Clerk's Office	2,341,606	2,728,162	2,977,932	(249,770)
Technology and Change Management	-	60,000	52,768	7,232
Treasury	2,310,318	2,317,457	2,346,567	(29,110)
Attorney's Office	3,015,322	3,015,548	3,014,213	1,335
Human Resources	2,929,848	2,933,962	2,836,682	97,280
Administrative Support	1,596,088	1,596,562	1,486,507	110,055
Other general government	9,078,250	9,486,658	9,820,622	(333,964)
Total General Government	34,405,841	35,366,392	34,663,729	702,663
Public Safety:				
Police	55,145,968	55,721,985	53,650,970	2,071,015
Oversight and Public Accountability	-	331,548	314,922	16,626
Fire	31,856,013	34,770,471	34,472,598	297,873
Total Public Safety	87,001,981	90,824,004	88,438,490	2,385,514
Public Works				
Enterprise Services	6,117,463	6,676,286	6,032,431	643,855
Total Public Works	6,117,463	6,676,286	6,032,431	643,855
Urban Development:				
Community Development	3,802,677	4,259,711	3,698,248	561,463
Design, Development and Comm. Engagement	2,736,166	3,085,537	2,308,176	777,361
Total Urban Development	6,538,843	7,345,248	6,006,424	1,338,824
Non-departmental				
Budgeted appropriation lapse	(5,217,134)	(5,217,134)	-	(5,217,134)
Contingencies	1,726,059	257,588	-	257,588
Transfers to other funds	12,319,068	16,092,039	15,199,023	893,016
Total non-departmental	8,827,993	11,132,493	15,199,023	(4,066,530)
Total charges to appropriations	\$ 142,892,121	\$ 151,344,423	\$ 150,340,097	\$ 1,004,326

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	\$ 7,917,406	\$ 6,706,342	\$ 5,814,053	\$ 154,087	\$ 2,793,232	\$ 207,735	\$ 756,800	\$ 765,950	\$ 6,846,357	\$ 161,700
Receivables:										
Receivables - Net Due from other governments	47,366	257,609	29,062	646	1,579	721	2,893	2,957	498,866	483
Inventory	-	-	-	-	2,079,949	-	-	-	-	-
Total assets	\$ 7,964,772	\$ 6,963,951	\$ 5,843,115	\$ 154,733	\$ 4,874,760	\$ 208,456	\$ 759,693	\$ 768,907	\$ 7,345,223	\$ 162,183
Liabilities										
Vouchers and accounts payable	\$ 640,145	\$ 368,278	\$ 1,034,700	\$ -	\$ 723,040	\$ 3,219	\$ 58,666	\$ 53,102	\$ 23,796	\$ 23,475
Unearned revenue	-	-	-	-	2,100,013	-	-	-	-	-
Customer deposits	-	1,218,654	2,297	-	6,000	-	-	-	-	-
Total liabilities	640,145	1,586,932	1,036,997	-	2,829,053	3,219	58,666	53,102	23,796	23,475
Deferred Inflows of Resources - Unavailable revenue	-	222,097	-	-	735,623	-	-	-	471,289	-
Total liabilities and deferred inflows of resources	640,145	1,809,029	1,036,997	-	3,564,676	3,219	58,666	53,102	495,085	23,475
Fund Balances										
Nonspendable:										
Inventory	-	-	-	-	-	-	-	-	-	-
Nonexpendable trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Grants	-	-	-	-	-	-	-	-	-	138,708
Public safety	-	-	-	-	-	205,237	-	-	-	-
Urban and community development	-	-	-	-	1,310,084	-	-	358,233	-	-
Culture and recreation	423,269	-	2,960	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	154,733	-	-	-	100,000	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Ensuing budget year	-	-	-	-	-	-	-	4,560	-	-
Culture and recreation	6,254,360	-	4,397,517	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	253,012	6,500,966	-
Public works	-	4,754,055	-	-	-	-	680,398	-	-	-
Compensated absences	632,728	400,867	405,641	-	-	-	20,629	-	349,172	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Total fund balances	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
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,964,772	\$ 6,963,951	\$ 5,843,115	\$ 154,733	\$ 4,874,760	\$ 208,456	\$ 759,693	\$ 768,907	\$ 7,345,223	\$ 162,183

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

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	
\$ 1,635,481	\$ 333,836	\$ 1,312,825	\$ 167,408	\$ 373,691	\$ 889,251	\$ 50,215	\$ 1,553,379	\$ 3,834,143	\$ 491,875	\$ 4,577,471	\$ 47,343,237
127,256	-	3,085	2,604	26,656	4,128	357	30,891	54,557	3,339	11,008	1,106,063
-	-	-	-	-	-	-	-	-	-	-	2,079,949
-	-	-	-	-	-	-	-	-	-	17,320	17,320
\$ 1,762,737	\$ 333,836	\$ 1,315,910	\$ 170,012	\$ 400,347	\$ 893,379	\$ 50,572	\$ 1,584,270	\$ 3,888,700	\$ 495,214	\$ 4,605,799	\$ 50,546,569
\$ 548,607	\$ 2,016	\$ 5,509	\$ -	\$ 5,573	\$ 86,722	\$ 6,609	\$ -	\$ 2,173,354	\$ 312	\$ -	\$ 5,757,123
-	-	-	-	-	-	-	-	-	-	-	2,100,013
-	-	-	-	-	-	-	-	-	197,670	-	1,424,621
548,607	2,016	5,509	-	5,573	86,722	6,609	-	2,173,354	197,982	-	9,281,757
15,088	-	-	-	25,127	-	-	-	-	288	11,008	1,480,520
563,695	2,016	5,509	-	30,700	86,722	6,609	-	2,173,354	198,270	11,008	10,762,277
-	-	-	-	-	-	-	-	-	-	17,320	17,320
-	-	-	-	-	-	-	-	-	-	3,081,065	3,095,335
-	-	-	-	-	-	-	-	-	-	-	138,708
-	-	1,310,401	-	-	-	-	-	-	-	-	1,515,638
-	-	-	-	-	806,657	43,963	-	-	-	-	2,518,937
-	-	-	113,481	-	-	-	-	-	-	-	539,710
-	-	-	-	-	-	-	-	1,715,346	296,944	-	2,267,023
-	-	-	-	-	-	-	-	-	-	1,496,406	1,496,406
-	-	-	-	19,830	-	-	-	-	-	-	24,390
-	-	-	56,531	-	-	-	-	-	-	-	10,708,408
-	331,820	-	-	-	-	-	-	-	-	-	331,820
-	-	-	-	336,935	-	-	-	-	-	-	7,090,913
1,150,920	-	-	-	-	-	-	-	-	-	-	6,585,373
48,122	-	-	-	12,882	-	-	-	-	-	-	1,870,041
-	-	-	-	-	-	-	1,584,270	-	-	-	1,584,270
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
\$ 1,762,737	\$ 333,836	\$ 1,315,910	\$ 170,012	\$ 400,347	\$ 893,379	\$ 50,572	\$ 1,584,270	\$ 3,888,700	\$ 495,214	\$ 4,605,799	\$ 50,546,569

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	\$11,413,539	\$ 7,701,879	\$ 4,483,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Federal grants	78,504	12,146	88,008	-	9,898,287	-	2,193	-	3,405	-
State sources	346,577	258,316	61,775	-	-	32,117	-	-	-	325,111
Other grants and contributions	301,858	-	76,629	-	1,649,525	-	-	-	-	-
Charges for services	47,182	8,197,524	347,192	-	690,842	-	919,106	14,917	251,286	87,110
Fines and forfeitures	17,656	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	3,193,798	-
Investment earnings (losses)	141,397	68,493	74,154	(12,026)	5,812	2,152	3,328	(862)	19,516	(383)
Other revenue:										
Miscellaneous	42	1,025	47,398	-	647	-	-	-	-	-
Property sales	-	-	-	-	-	-	-	73,539	-	-
Total revenue	12,346,755	16,239,383	5,178,342	(12,026)	12,245,113	34,269	924,627	87,594	3,468,005	411,838
Expenditures										
Current services:										
General government	-	-	-	-	307,135	-	-	-	-	538,305
Public safety	-	-	-	-	1,737,968	20,460	-	-	-	-
Public works	-	14,594,338	-	-	-	-	709,843	-	-	-
Urban and community development	-	-	-	-	9,952,047	-	-	368,170	4,748,726	-
Recreation and culture	10,277,419	-	11,642,580	-	142,811	-	-	-	-	-
Capital outlay	2,364,091	2,697	11,361	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	31,579	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	11,546	-	-
Total expenditures	12,641,510	14,597,035	11,653,941	-	12,139,961	20,460	709,843	411,295	4,748,726	538,305
Excess of Revenue (Under) Over Expenditures	(294,755)	1,642,348	(6,475,599)	(12,026)	105,152	13,809	214,784	(323,701)	(1,280,721)	(126,467)
Other Financing Sources (Uses)										
Transfers in	-	-	6,673,123	-	867,250	-	-	70,000	67,715	192,925
Transfers out	-	(754,226)	(242,400)	(232,500)	(1,368,688)	-	(111,669)	-	(2,999)	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	-
Debt premium or discount	-	-	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing (uses) sources	-	(754,226)	6,430,723	(232,500)	(501,438)	-	(111,669)	70,000	64,716	192,925
Net Change in Fund Balances	(294,755)	888,122	(44,876)	(244,526)	(396,286)	13,809	103,115	(253,701)	(1,216,005)	66,458
Fund Balances - Beginning of year	7,619,382	4,266,800	4,850,994	399,259	1,706,370	191,428	597,912	969,506	8,066,143	72,250
Fund Balances - End 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

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

Year Ended June 30, 2021

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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,598,604
2,171,775	-	-	-	-	-	-	-	-	-	-	2,171,775
184	2,749	451,857	-	-	-	-	-	123,876	-	-	10,661,209
-	-	-	-	-	-	-	-	-	-	-	1,023,896
-	2,073,910	-	-	-	-	-	-	1,164,795	-	-	5,266,717
12,214	-	311,526	-	181,228	1,082,641	112,291	2,463,057	-	2,923	45,528	14,766,567
32,755	-	-	-	-	-	-	-	-	-	-	17,656
11,264	(36,657)	6,022	1,168	(7,434)	1,514	1,451	110	(27,715)	(37,441)	(27,993)	3,226,553
-	-	703	235	5,967	-	-	30,891	-	-	1	86,909
-	-	-	-	-	-	-	-	-	-	-	73,539
2,228,192	2,040,002	770,108	1,403	179,761	1,084,155	113,742	2,494,058	1,260,956	(34,518)	17,536	61,079,295
-	-	-	-	-	-	-	-	-	-	-	845,440
2,254,176	5,596,076	341,557	-	-	-	-	-	-	-	-	7,696,061
-	-	-	-	-	-	-	-	-	-	-	17,558,357
-	-	-	-	340,754	1,153,754	104,173	-	-	-	-	16,667,624
-	-	-	970	-	-	-	-	-	-	-	22,063,780
-	-	-	-	-	-	-	-	9,572,786	1,231,994	-	13,182,929
-	-	-	-	-	-	-	4,310,000	-	-	-	4,341,579
-	-	-	-	-	-	-	916,265	-	-	-	927,811
2,254,176	5,596,076	341,557	970	340,754	1,153,754	104,173	5,226,265	9,572,786	1,231,994	-	83,283,581
(25,984)	(3,556,074)	428,551	433	(160,993)	(69,599)	9,569	(2,732,207)	(8,311,830)	(1,266,512)	17,536	(22,204,286)
-	3,674,526	-	-	-	-	-	2,646,467	9,704,894	81,821	132,351	24,111,072
(64,784)	(2,020,090)	(6,997)	-	-	-	-	-	(210,100)	-	(67,992)	(5,082,445)
-	-	-	-	-	-	-	3,867,238	-	-	-	3,867,238
-	-	-	-	-	-	-	265,029	-	-	-	265,029
-	-	-	-	-	-	-	(4,060,049)	-	-	-	(4,060,049)
-	-	2,670	-	-	-	-	-	-	-	-	2,670
(64,784)	1,654,436	(4,327)	-	-	-	-	2,718,685	9,494,794	81,821	64,359	19,103,515
(90,768)	(1,901,638)	424,224	433	(160,993)	(69,599)	9,569	(13,522)	1,182,964	(1,184,691)	81,895	(3,100,771)
1,289,810	2,233,458	886,177	169,579	530,640	876,256	34,394	1,597,792	532,382	1,481,635	4,512,896	42,885,063
\$ 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

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

June 30, 2021

	Budget (unaudited)				Actual				Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	
Library	\$ 12,212,648	\$ 13,595,207	\$ 127,380	\$ (1,255,179)	\$ 12,346,755	\$ 12,641,510	\$ -	\$ (294,755)	\$ 960,424
Refuse	16,009,491	15,178,914	(404,226)	426,351	16,239,383	14,597,035	(754,226)	888,122	461,771
Parks and Recreation	5,127,628	14,494,178	6,501,824	(2,864,726)	5,178,342	11,653,941	6,430,723	(44,876)	2,819,850
Transformation	-	-	(232,500)	(232,500)	(12,026)	-	(232,500)	(244,526)	(12,026)
Grants	27,361,170	24,952,324	(590,047)	1,818,799	12,245,113	12,139,961	(501,438)	(396,286)	(2,215,085)
Michigan Justice Training	57,415	55,000	-	2,415	34,269	20,460	-	13,809	11,394
Vehicle Storage Facility	822,078	703,112	(126,145)	(7,179)	924,627	709,843	(111,669)	103,115	110,294
Property Management	215,027	841,384	70,000	(556,357)	87,594	411,295	70,000	(253,701)	302,656
Building Inspections	4,872,667	5,034,191	62,715	(98,809)	3,468,005	4,748,726	64,716	(1,216,005)	(1,117,196)
Michigan Indigent Defense Commission	460,590	571,157	112,125	1,558	411,838	538,305	192,925	66,458	64,900
Sidewalk Repair	2,231,100	2,447,153	(64,784)	(280,837)	2,228,192	2,254,176	(64,784)	(90,768)	190,069
Community Dispatch	2,109,638	5,914,293	3,786,706	(17,949)	2,040,002	5,596,076	1,654,436	(1,901,638)	(1,883,689)
Drug Law Enforcement	450,870	527,884	-	(77,014)	770,108	341,557	(4,327)	424,224	501,238
General Special Revenue	11,040	10,400	-	640	1,403	970	-	433	(207)
Economic Development	47,120	488,259	-	(441,139)	179,761	340,754	-	(160,993)	280,146
Downtown Improvement District	1,200,844	1,278,030	-	(77,186)	1,084,155	1,153,754	-	(69,599)	7,587
Uptown Business Improvement District	112,105	116,234	-	(4,129)	113,742	104,173	-	9,569	13,698
Total	\$ 73,301,431	\$ 86,207,720	\$ 9,243,048	\$ (3,663,241)	\$ 57,341,263	\$ 67,252,536	\$ 6,743,856	\$ (3,167,417)	\$ 495,824

Other Supplemental Information
Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2021

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 2,356,075	\$ 869,193	\$ 3,225,268
Receivables - Net	55,964	26,538	82,502
Inventory	2,943	-	2,943
Total current assets	2,414,982	895,731	3,310,713
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	5,255	-	5,255
Assets subject to depreciation - Net	2,422,547	770,430	3,192,977
Other assets	223,881	-	223,881
Total noncurrent assets	2,651,683	770,430	3,422,113
Total assets	5,066,665	1,666,161	6,732,826
Deferred Outflows of Resources			
Deferred outflows related to pensions	193,069	-	193,069
Deferred outflows related to OPEB	16,181	-	16,181
Total deferred outflows of resources	209,250	-	209,250
Liabilities			
Current liabilities:			
Vouchers and accounts payable	103,093	45,371	148,464
Unearned revenue	6,795	-	6,795
Current portion of compensated absences	30,756	-	30,756
Total current liabilities	140,644	45,371	186,015
Noncurrent liabilities:			
Compensated absences	44,601	-	44,601
Net pension liability	753,927	-	753,927
Net OPEB liability	85,647	-	85,647
Total noncurrent liabilities	884,175	-	884,175
Total liabilities	1,024,819	45,371	1,070,190
Deferred Inflows of Resources			
Deferred inflows related to pensions	4,146	-	4,146
Deferred inflows related to OPEB	87,457	-	87,457
Total deferred inflows of resources	91,603	-	91,603
Net Position			
Net investment in capital assets	2,427,802	770,430	3,198,232
Unrestricted	1,731,691	850,360	2,582,051
Total net position	<u>\$ 4,159,493</u>	<u>\$ 1,620,790</u>	<u>\$ 5,780,283</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, 2021

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating Revenue			
Sales	\$ 537,604	\$ 17,443	\$ 555,047
Charges for services	1,406,691	454,802	1,861,493
Total operating revenue	1,944,295	472,245	2,416,540
Operating Expenses			
Utilities	55,539	98,182	153,721
Supplies and materials	158,652	768	159,420
Personal services	830,864	213,418	1,044,282
Contractual services	395,743	36,509	432,252
Other services and charges	364,916	39,992	404,908
Depreciation	178,335	112,269	290,604
Total operating expenses	1,984,049	501,138	2,485,187
Operating Loss	(39,754)	(28,893)	(68,647)
Nonoperating Revenue			
Investment income (loss)	31,099	8,221	39,320
Operating grants	444	-	444
Total nonoperating revenue	31,543	8,221	39,764
Loss - Before transfers	(8,211)	(20,672)	(28,883)
Transfers In	807,992	-	807,992
Transfers Out	(132,351)	-	(132,351)
Change in Net Position	667,430	(20,672)	646,758
Net Position - Beginning of year	3,492,063	1,641,462	5,133,525
Net Position - End of year	\$ 4,159,493	\$ 1,620,790	\$ 5,780,283

Other Supplemental Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2021

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,939,989	\$ 464,437	\$ 2,404,426
Payments to suppliers	(963,561)	(211,726)	(1,175,287)
Payments to employees	(576,021)	(188,373)	(764,394)
Payments for payroll taxes and benefits	(217,028)	(25,045)	(242,073)
Net cash provided by operating activities	183,379	39,293	222,672
Cash Flows from Noncapital Financing Activities			
Operating grants and subsidies	444	-	444
Transfers from other funds	807,992	-	807,992
Transfers to other funds	(132,351)	-	(132,351)
Net cash provided by noncapital financing activities	676,085	-	676,085
Cash Flows Provided by Investing Activities - Interest received on investments	31,100	8,221	39,321
Net Increase in Equity in Pooled Cash and Investments	890,564	47,514	938,078
Equity in Pooled Cash and Investments - Beginning of year	1,465,511	821,679	2,287,190
Equity in Pooled Cash and Investments - End of year	<u>\$ 2,356,075</u>	<u>\$ 869,193</u>	<u>\$ 3,225,268</u>
Classification of Equity in Pooled Cash and Investments - Equity in pooled cash and investments	<u>\$ 2,356,075</u>	<u>\$ 869,193</u>	<u>\$ 3,225,268</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (39,754)	\$ (28,893)	\$ (68,647)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	178,335	112,269	290,604
Changes in assets and liabilities:			
Receivables	(4,306)	(7,808)	(12,114)
Inventories	4,917	-	4,917
Accounts payable	6,372	(36,275)	(29,903)
Net pension or OPEB liability	61,461	-	61,461
Deferrals related to pension or OPEB	(31,175)	-	(31,175)
Accrued and other liabilities	7,529	-	7,529
Total adjustments	223,133	68,186	291,319
Net cash provided by operating activities	<u>\$ 183,379</u>	<u>\$ 39,293</u>	<u>\$ 222,672</u>

City of Grand Rapids, Michigan

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment
Assets				
Current assets:				
Equity in pooled cash and investments	\$ 7,295,527	\$ 18,326,931	\$ 9,220,986	\$ 38,478,597
Receivables - Net	26,669	68,531	263,381	300,326
Inventory	-	971,541	-	-
Restricted assets	-	-	-	6,112,797
Total current assets	7,322,196	19,367,003	9,484,367	44,891,720
Noncurrent assets - Capital assets:				
Assets not subject to depreciation	-	233,281	-	-
Assets subject to depreciation - Net	434,132	20,630,730	1,039,686	-
Total noncurrent assets	434,132	20,864,011	1,039,686	-
Total assets	7,756,328	40,231,014	10,524,053	44,891,720
Deferred Outflows of Resources				
Deferred charges on bond refunding	-	540	-	-
Deferred outflows related to pensions	157,705	1,128,320	641,938	330,243
Deferred outflows related to OPEB	13,213	94,528	53,816	27,671
Total deferred outflows of resources	170,918	1,223,388	695,754	357,914
Liabilities				
Current liabilities:				
Vouchers and accounts payable	347,764	730,897	250,995	1,994,536
Due to other governmental units	-	-	-	57,656
Accrued interest payable	-	195	-	-
Unearned revenue	-	-	107,987	15,619
Current portion of compensated absences	16,814	104,584	89,105	35,649
Current portion of claims payable	-	-	-	4,181,887
Current portion of bonds and contracts payable	-	5,263	-	-
Total current liabilities	364,578	840,939	448,087	6,285,347
Noncurrent liabilities - Net of current portion:				
Compensated absences	24,382	151,660	129,214	51,696
Claims payable	-	-	-	337,211
Net pension liability	615,834	4,406,063	2,506,752	1,289,592
Net OPEB liability	69,936	500,360	284,859	146,468
Bonds and contracts payable - Net of current portion	-	10,466	-	-
Total liabilities	1,074,730	5,909,488	3,368,912	8,110,314
Deferred Inflows of Resources				
Deferred inflows related to pensions	3,386	24,229	13,784	7,091
Deferred inflows related to OPEB	71,414	510,933	290,879	149,564
Total deferred inflows of resources	74,800	535,162	304,663	156,655
Net Position (Deficit)				
Net investment in capital assets	434,132	20,848,822	1,039,686	-
Unrestricted	6,343,584	14,160,930	6,506,546	36,982,665
Total net position (deficit)	\$ 6,777,716	\$ 35,009,752	\$ 7,546,232	\$ 36,982,665

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2021

Engineering Services	311 Program	Total Internal Service Funds
\$ 5,488,313	\$ 297,038	\$ 79,107,392
63,442	716	723,065
-	-	971,541
-	-	6,112,797
<hr/> 5,551,755	<hr/> 297,754	<hr/> 86,914,795
-	-	233,281
73,943	-	22,178,491
<hr/> 73,943	<hr/> -	<hr/> 22,411,772
5,625,698	297,754	109,326,567
-	-	540
1,506,769	468,971	4,233,946
126,284	39,297	354,809
<hr/> 1,633,053	<hr/> 508,268	<hr/> 4,589,295
72,162	462	3,396,816
-	-	57,656
-	-	195
-	-	123,606
201,785	26,840	474,777
-	-	4,181,887
-	-	5,263
<hr/> 273,947	<hr/> 27,302	<hr/> 8,240,200
292,616	38,921	688,489
-	-	337,211
5,883,898	1,831,321	16,533,460
668,449	208,009	1,878,081
-	-	10,466
<hr/> 7,118,910	<hr/> 2,105,553	<hr/> 27,687,907
32,355	10,070	90,915
682,575	212,405	1,917,770
<hr/> 714,930	<hr/> 222,475	<hr/> 2,008,685
73,943	-	22,396,583
(649,032)	(1,522,006)	61,822,687
<hr/> \$ (575,089)	<hr/> \$ (1,522,006)	<hr/> \$ 84,219,270

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, 2021

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Operating Revenue							
Sales	\$ -	\$ 17,369	\$ 1,101	\$ -	\$ -	\$ -	\$ 18,470
Charges for services	7,311,432	14,677,686	7,447,768	28,293,029	5,892,433	1,925,158	65,547,506
Miscellaneous	-	197,473	7,650	1,057,767	-	-	1,262,890
Total operating revenue	7,311,432	14,892,528	7,456,519	29,350,796	5,892,433	1,925,158	66,828,866
Operating Expenses							
Utilities	-	18,278	2,911,675	-	-	-	2,929,953
Supplies and materials	3,105	6,280,740	134,657	-	79,028	9,763	6,507,293
Personal services	669,365	3,282,312	2,078,121	1,022,220	4,226,849	1,241,120	12,519,987
Contractual services	2,797,868	25,434	32,673	1,307,487	63,853	143,130	4,370,445
Other services and charges	4,161,216	1,380,355	1,849,028	26,487,718	1,170,888	417,892	35,467,097
Depreciation	284,428	3,746,058	88,857	-	3,363	-	4,122,706
Total operating expenses	7,915,982	14,733,177	7,095,011	28,817,425	5,543,981	1,811,905	65,917,481
Operating (Loss) Income	(604,550)	159,351	361,508	533,371	348,452	113,253	911,385
Nonoperating Revenue (Expense)							
Investment income (loss)	67,011	146,800	90,012	1,668,481	5,786	2,872	1,980,962
Interest expense	-	(661)	-	-	-	-	(661)
(Loss) gain on sale of assets	-	294,813	-	-	-	-	294,813
Operating grants	160,084	218	207,002	602,422	5,658	9,318	984,702
Other nonoperating general revenue (expense)	-	(162,166)	-	-	-	-	(162,166)
Total nonoperating revenue	227,095	279,004	297,014	2,270,903	11,444	12,190	3,097,650
(Loss) Income - Before capital contributions	(377,455)	438,355	658,522	2,804,274	359,896	125,443	4,009,035
Capital Contributions	-	188,753	-	-	-	-	188,753
Transfers Out	-	(20,000)	(20,000)	-	(2,309)	-	(42,309)
Change in Net Position	(377,455)	607,108	638,522	2,804,274	357,587	125,443	4,155,479
Net Position - Beginning of year	7,155,171	34,402,644	6,907,710	34,178,391	(932,676)	(1,647,449)	80,063,791
Net Position - End of year	\$ 6,777,716	\$ 35,009,752	\$ 7,546,232	\$ 36,982,665	\$ (575,089)	\$ (1,522,006)	\$ 84,219,270

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2021

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers	\$ 7,311,432	\$ 14,888,598	\$ 7,627,395	\$ 28,317,489	\$ 5,954,501	\$ 1,925,158	\$ 66,024,573
Payments to suppliers	(6,150,466)	(7,234,455)	(4,907,010)	(24,507,785)	(1,249,909)	(578,218)	(44,627,843)
Payments to employees	(245,524)	(2,142,064)	(1,133,333)	(754,493)	(2,510,343)	(889,566)	(7,675,323)
Other payments	(653,216)	-	-	-	-	-	(653,216)
Payments for payroll taxes and benefits	(142,752)	(1,068,944)	(630,646)	(3,059,690)	(1,356,115)	(447,767)	(6,705,914)
Net cash provided by (used in) operating activities	119,474	4,443,135	956,406	(4,479)	838,134	9,607	6,362,277
Cash Flows from Noncapital Financing Activities							
Operating grants and subsidies	160,084	218	207,002	602,422	5,658	9,318	984,702
Transfers to other funds	-	(20,000)	(20,000)	-	(2,309)	-	(42,309)
Net cash provided by (used in) noncapital financing activities	160,084	(19,782)	187,002	602,422	3,349	9,318	942,393
Cash Flows from Capital and Related Financing Activities							
Proceeds from sale of capital assets	-	132,647	-	-	-	-	132,647
Purchase of capital assets	-	(3,380,998)	(27)	-	(60,317)	-	(3,441,342)
Principal and interest paid on capital debt	-	(5,810)	-	1,333,037	-	-	1,327,227
Net cash used in capital and related financing activities	-	(3,254,161)	(27)	1,333,037	(60,317)	-	(1,981,468)
Cash Flows Provided by Investing Activities -							
Interest received on investments	64,533	141,932	85,385	321,767	8,111	2,672	624,400
Net Increase in Equity in Pooled Cash and Investments							
	344,091	1,311,124	1,228,766	2,252,747	789,277	21,597	5,947,602
Equity in Pooled Cash and Investments - Beginning of year							
	6,951,436	17,015,807	7,992,220	42,338,647	4,699,036	275,441	79,272,587
Equity in Pooled Cash and Investments - End of year							
	<u>\$ 7,295,527</u>	<u>\$ 18,326,931</u>	<u>\$ 9,220,986</u>	<u>\$ 44,591,394</u>	<u>\$ 5,488,313</u>	<u>\$ 297,038</u>	<u>\$ 85,220,189</u>
Classification of Equity in Pooled Cash and Investments							
Equity in pooled cash and investments	\$ 7,295,527	\$ 18,326,931	\$ 9,220,986	\$ 38,478,597	\$ 5,488,313	\$ 297,038	\$ 79,107,392
Restricted cash	-	-	-	6,112,797	-	-	6,112,797
Total cash	<u>\$ 7,295,527</u>	<u>\$ 18,326,931</u>	<u>\$ 9,220,986</u>	<u>\$ 44,591,394</u>	<u>\$ 5,488,313</u>	<u>\$ 297,038</u>	<u>\$ 85,220,189</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities							
Operating (loss) income	\$ (604,550)	\$ 159,351	\$ 361,508	\$ 533,371	\$ 348,452	\$ 113,253	\$ 911,385
Adjustments to reconcile operating (loss) income to net cash from operating activities:							
Depreciation	284,428	3,746,058	88,857	-	3,363	-	4,122,706
Changes in assets and liabilities:							
Receivables	-	(3,930)	170,876	28,027	62,068	-	257,041
Inventories	-	(181,070)	-	-	-	-	(181,070)
Accounts payable	155,257	648,110	(16,432)	(704,395)	63,950	(7,433)	139,057
Net pension or OPEB liability	318,602	291,830	472,964	190,062	566,527	(25,350)	1,814,635
Deferrals related to pension or OPEB	(55,314)	(174,756)	(133,445)	(62,819)	(253,102)	(56,311)	(735,747)
Accrued and other liabilities	21,051	(42,458)	12,078	11,275	46,876	(14,552)	34,270
Total adjustments	724,024	4,283,784	594,898	(537,850)	489,682	(103,646)	5,450,892
Net cash provided by (used in) operating activities	<u>\$ 119,474</u>	<u>\$ 4,443,135</u>	<u>\$ 956,406</u>	<u>\$ (4,479)</u>	<u>\$ 838,134</u>	<u>\$ 9,607</u>	<u>\$ 6,362,277</u>
Significant Noncash Transactions - Contributions of capital assets							
	\$ -	\$ 188,753	\$ -	\$ -	\$ -	\$ -	\$ 188,753

Combining Statement of Net Position

Corridor Improvement Authorities - Component Units

June 30, 2021

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Assets:							
Equity in pooled cash and investments	\$ 523,500	\$ 54,031	\$ 171,139	\$ 272,081	\$ 162,290	\$ 82,271	\$1,265,312
Receivables, net	1,956	186	841	1,081	489	380	\$ 4,933
Total assets	<u>\$ 525,456</u>	<u>\$ 54,217</u>	<u>\$ 171,980</u>	<u>\$ 273,162</u>	<u>\$ 162,779</u>	<u>\$ 82,651</u>	<u>\$1,270,245</u>
Liabilities							
Vouchers payable and accruals	\$ 18,162	\$ 1,296	\$ 14,616	\$ 4,729	\$ 2,638	\$ 21,583	\$ 63,024
Net position							
Restricted - Urban and community development	507,294	52,921	157,364	268,433	160,141	61,068	\$1,207,221
Total liabilities and net position	<u>\$ 525,456</u>	<u>\$ 54,217</u>	<u>\$ 171,980</u>	<u>\$ 273,162</u>	<u>\$ 162,779</u>	<u>\$ 82,651</u>	<u>\$1,270,245</u>

Combining Statement of Activities
Corridor Improvement Authorities - Component Units
Year Ended June 30, 2021

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Revenues:							
Property taxes	\$ 265,857	26,888	220,149	140,993	129,445	85,451	\$ 868,783
Other grants and contributions	-	4,450	-	-	-	-	4,450
Investment earnings	6,307	1,281	2,878	2,780	2,723	3,865	19,834
Total revenues	<u>272,164</u>	<u>32,619</u>	<u>223,027</u>	<u>143,773</u>	<u>132,168</u>	<u>89,316</u>	<u>893,067</u>
Expenses:							
Urban and community development	175,780	15,488	207,539	98,889	28,360	60,468	586,524
Change in net position	96,384	17,131	15,488	44,884	103,808	28,848	306,543
Net Position - beginning	<u>410,910</u>	<u>35,790</u>	<u>141,876</u>	<u>223,549</u>	<u>56,333</u>	<u>32,220</u>	<u>900,678</u>
Net Position - ending	<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>

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

June 30, 2021

	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	\$ -	\$ -	\$ 804,350	\$ 317,806	\$ 284,240	\$ 1,406,396
Investments held by trustee:						
Cash and money market funds	5,848,466	6,214,203	-	-	-	12,062,669
U.S. government securities	49,208,535	50,155,758	-	-	-	99,364,293
Other	46,365,496	55,031,250	-	-	-	101,396,746
State and municipal bonds	355,616	306,551	-	-	-	662,167
Corporate bonds and fixed-income commingled funds	75,304,920	69,212,335	-	-	-	144,517,255
Common stocks and equity mutual funds	247,914,960	254,257,243	-	-	-	502,172,203
Asset-backed securities	5,947,731	4,574,114	-	-	-	10,521,845
Real estate securities	21,563,151	25,745,529	-	-	-	47,308,680
Commingled multiasset portfolio	-	-	17,479,603	46,977,087	25,120,871	89,577,561
Commodities	21,121,530	23,266,203	-	-	-	44,387,733
Collateral held by broker under securities lending - Short-term fixed income	31,039,032	35,256,291	-	-	-	66,295,323
Receivables:						
Investment securities sold	2,615,222	1,799,994	-	-	-	4,415,216
Accrued interest receivable	427,006	400,633	2,279	942	719	831,579
Other	-	-	502	5	-	507
Total assets	507,711,665	526,220,104	18,286,734	47,295,840	25,405,830	1,124,920,173
Liabilities						
Vouchers and accounts payable	355,475	437,531	91,846	251,875	105,545	1,242,272
Investment securities purchased	813,797	821,980	-	-	-	1,635,777
Obligations under securities lending agreements	31,039,032	35,256,291	-	-	-	66,295,323
Total liabilities	32,208,304	36,515,802	91,846	251,875	105,545	69,173,372
Net Position						
Restricted:						
Pension	475,503,361	489,704,302	-	-	-	965,207,663
Postemployment benefits other than pension	-	-	18,194,888	47,043,965	25,300,285	90,539,138
Total net position	\$ 475,503,361	\$ 489,704,302	\$ 18,194,888	\$ 47,043,965	\$ 25,300,285	\$ 1,055,746,801

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

Year Ended June 30, 2021

	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	\$ 4,640,683	\$ 4,372,702	\$ 9,294	\$ 3,642	\$ 3,443	\$ 9,029,764
Net increase in fair value of investments	40,767,929	104,428,729	3,517,614	10,118,952	5,320,479	164,153,703
Investment costs	(974,321)	(1,010,132)	-	-	-	(1,984,453)
Net investment income	44,434,291	107,791,299	3,526,908	10,122,594	5,323,922	171,199,014
Securities lending income	105,258	85,224	-	-	-	190,482
Contributions:						
Employer contributions	10,716,480	11,284,613	2,444,430	1,378,330	1,421,902	27,245,755
Plan member contributions	5,379,200	2,523,078	-	-	-	7,902,278
Total contributions	16,095,680	13,807,691	2,444,430	1,378,330	1,421,902	35,148,033
Federal grants	-	-	36,077	70,267	29,311	135,655
Total additions	60,635,229	121,684,214	6,007,415	11,571,191	6,775,135	206,673,184
Deductions						
Benefit payments	30,382,544	34,830,364	1,741,657	2,286,342	1,700,811	70,941,718
Administrative expenses	576,813	558,139	172,386	199,014	140,795	1,647,147
Total deductions	30,959,357	35,388,503	1,914,043	2,485,356	1,841,606	72,588,865
Net Increase in Fiduciary Net Position	29,675,872	86,295,711	4,093,372	9,085,835	4,933,529	134,084,319
Net Position - Beginning of year	445,827,489	403,408,591	14,101,516	37,958,130	20,366,756	921,662,482
Net Position - End of year	\$ 475,503,361	\$ 489,704,302	\$ 18,194,888	\$ 47,043,965	\$ 25,300,285	\$ 1,055,746,801

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2021

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	\$ 52,234,731	\$ 13,319,657	\$ 10,950	\$ -	\$ -	\$ -	\$ 69,611,305
Public safety:										
Police	1,455,461	-	-	23,472,226	9,135,876	926,218	54,195	-	13,174	35,057,150
Fire	1,327,045	-	13,150	6,475,854	1,832,641	14,987,247	29,741	-	1,502,711	26,168,389
Total public safety	2,782,506	-	13,150	29,948,080	10,968,517	15,913,465	83,936	-	1,515,885	61,225,539
Public works:										
Public works	3,783,571	1,278,914	17,383,338	619,066	1,406,744	-	-	526,477,959	37,865,107	588,814,699
Street lighting	-	49	-	450,372	52,821	-	-	21,823,267	1,091,178	23,417,687
Traffic safety	-	4,229	16,965	3,132,054	623,629	-	66,669	10,070,913	-	13,914,459
Total public works	3,783,571	1,283,192	17,400,303	4,201,492	2,083,194	-	66,669	558,372,139	38,956,285	626,146,845
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,287,108	812,522	99,306	2,018,539	-	173,999	42,748,489
Museum	2,736,700	-	104,131	42,691,644	195,768	-	530,787	-	-	46,259,030
Parks	12,388,635	39,922	46,658,345	10,089,169	1,326,441	87,290	-	-	5,431,516	76,021,318
Art museum	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	17,409,353	39,922	46,835,473	90,067,921	2,334,731	186,596	2,549,326	-	5,605,515	165,028,837
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	\$ 27,055,048	\$ 1,323,114	\$ 65,215,275	\$ 176,452,224	\$ 28,706,099	\$ 16,141,724	\$ 2,699,931	\$ 558,372,139	\$ 46,077,685	\$ 922,043,239

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, 2021

Function and Activity	June 30, 2020	Reclassification	Additions	Deletions	June 30, 2021
General government	\$ 69,255,507	\$ 536,799	\$ (147,992)	\$ 33,009	\$ 69,611,305
Public safety:					
Police	35,188,223	83,496	18,704	233,273	35,057,150
Fire	22,781,672	2,030,345	2,608,802	1,252,430	26,168,389
Total public safety	57,969,895	2,113,841	2,627,506	1,485,703	61,225,539
Public works:					
Public works	576,451,558	(2,023,828)	16,297,627	1,910,658	588,814,699
Street lighting	17,637,071	5,079,837	1,486,217	785,438	23,417,687
Traffic safety	13,970,654	20,990	(77,185)	-	13,914,459
Total public works	608,059,283	3,076,999	17,706,659	2,696,096	626,146,845
Culture and recreation:					
Libraries	42,115,006	255,206	378,277	-	42,748,489
Museum	46,408,143	-	-	149,113	46,259,030
Parks	68,946,088	5,893,102	1,268,899	86,771	76,021,318
Total culture and recreation	157,469,237	6,148,308	1,647,176	235,884	165,028,837
Urban and community development:					
Community and economic development	47,947	(17,234)	-	-	30,713
Neighborhood business improvements	-	-	-	-	-
Total urban and community development	47,947	(17,234)	-	-	30,713
Total governmental funds capital assets	\$ 892,801,869	\$ 11,858,713	\$ 21,833,349	\$ 4,450,692	\$ 922,043,239

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.

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Net Position by Component (Unaudited)

Last Ten Fiscal Years
June 30, 2021

	<u>2012</u>	<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>
Governmental Activities:										
Net investment in capital assets	\$ 267,497,557	\$ 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
Restricted	14,778,249	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
Unrestricted	<u>80,802,344</u>	<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>
Total net position	<u>\$ 363,078,150</u>	<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>
Business-type Activities:										
Net investment in capital assets	\$ 357,748,563	\$ 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
Restricted	21,706,695	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
Unrestricted	<u>84,378,050</u>	<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>
Total net position	<u>\$ 463,831,308</u>	<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>
Primary government in total:										
Net investment in capital assets	\$ 625,246,120	\$ 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
Restricted	36,484,944	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
Unrestricted	<u>165,178,394</u>	<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>
Total net position	<u>\$ 826,909,458</u>	<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>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 28,490,087	\$ 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
Public safety	85,540,347	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
Public works	50,339,679	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
Culture and Recreation	18,844,448	18,560,598	17,453,598	19,718,462	17,714,262	18,038,363	14,263,936	22,132,872	19,476,730	25,427,655
Urban & Community Development	28,103,849	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
Interest on long-term debt	4,825,257	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
Total governmental activities expenses	\$ 216,143,667	\$ 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
Business-type activities:										
Water Supply System	37,697,767	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
Sewage Disposal System	45,697,111	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
Auto Parking System	10,615,215	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	2,482,758	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
Total business-type activities expenses	96,492,851	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
Total primary government expenses	\$ 312,636,518	\$ 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
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 8,722,141	\$ 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
Public safety	3,035,450	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
Public works	10,530,342	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
Culture and recreation	1,837,477	1,198,277	782,280	807,855	765,030	882,614	1,203,052	1,105,798	750,288	412,030
Urban & community development	5,162,954	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
Total Charges for services:	29,288,364	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
Operating grants and contributions:	32,169,748	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
Capital grants and contributions	2,461,425	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
Total governmental activities program revenues	63,919,537	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
Business-type activities:										
Charges for services:										
Water Supply System	43,392,238	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
Sewage Disposal System	51,619,089	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
Auto Parking System	12,413,783	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	1,906,608	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
Total Charges for services:	109,331,718	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
Operating grants and contributions:	676,381	631,163	603,374	630,374	623,218	653,864	629,035	631,994	616,323	684,887
Capital grants and contributions:	1,144,782	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
Total business-type activities program revenues	111,152,881	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
Total primary government program revenues	\$ 175,072,418	\$ 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
Net (expense)/revenue										
Governmental activities	\$ (152,224,130)	\$ (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)
Business-type activities	14,660,030	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
Total primary government net expense	\$ (137,564,100)	\$ (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)

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2021

	<u>2012</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 35,981,291	\$ 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
Income taxes	68,179,409	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
Intergovernmental, unrestricted	31,667,177	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
Unrestricted investment earnings	1,717,328	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
Miscellaneous	528,525	374,239	707,264	494,106	626,056	1,070,668	816,860	842,188	206,916	514,763
Gain on sale of capital assets	103,401	106,960	789,570	-	-	-	209,777	172,522	-	206,001
Transfers	<u>2,466,570</u>	<u>2,064,144</u>	<u>2,167,433</u>	<u>1,252,086</u>	<u>(819,936)</u>	<u>1,716,466</u>	<u>1,678,354</u>	<u>(2,689,320)</u>	<u>(1,096,255)</u>	<u>(657,947)</u>
Total governmental activities:	<u>140,643,701</u>	<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>
Business- type activities:										
Unrestricted investment earnings	432,126	593,408	711,272	697,150	1,107,815	10,638	1,670,570	5,974,331	6,566,634	987,174
Miscellaneous	1,592,148	617,730	775,377	161,301	159,504	1,128,510	3,642,538	564,224	635,844	876,428
Gain on sale of capital assets	-	-	-	-	-	3,594	250,456	(227)	-	(11,535)
Transfers	(2,466,570)	(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
Special Item- Refund Water Bonds	<u>-</u>	<u>(4,868,614)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>8,298,733</u>	<u>2,510,014</u>
Total primary government	<u>\$ 140,201,405</u>	<u>\$ 140,595,386</u>	<u>\$ 150,371,501</u>	<u>\$ 157,396,626</u>	<u>\$ 167,074,199</u>	<u>\$ 173,418,338</u>	<u>\$ 169,403,946</u>	<u>\$ 183,681,365</u>	<u>\$ 186,286,475</u>	<u>\$ 177,140,630</u>
Change in Net Position										
Governmental activities	\$ (11,580,429)	\$ (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
Business- type activities	<u>14,217,734</u>	<u>9,424,942</u>	<u>12,065,311</u>	<u>22,147,379</u>	<u>22,227,466</u>	<u>17,746,295</u>	<u>32,695,987</u>	<u>17,675,649</u>	<u>16,967,856</u>	<u>13,132,339</u>
Total primary government	<u>\$ 2,637,305</u>	<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>

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, 2021

(modified accrual basis of accounting)

	<u>2012</u>	<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>
General Fund										
Nonspendable	\$ 10,323,093	\$ 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
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
Assigned	7,537,106	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
Unassigned	<u>8,499,517</u>	<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>
Total general fund	<u>\$ 26,359,716</u>	<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>
All other governmental funds										
Nonspendable	\$ 4,209,836	\$ 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
Restricted	13,917,489	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
Committed	23,248,555	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
Assigned	13,428,629	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
Unassigned	-	(241,434)	(562,032)	(377,415)	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 54,804,509</u>	<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>

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

June 30, 2021

(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Property taxes	\$ 35,981,291	\$ 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
City income taxes	68,179,409	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
State shared taxes	31,667,177	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
Licenses and permits	2,880,914	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
Federal grants	27,843,329	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
State grants	1,359,652	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
Other grants & contributions	5,428,192	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
Charges for services	23,996,750	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
Fines and forfeitures	2,170,700	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
Investment earnings (loss)	853,321	693,044	807,495	1,005,208	1,812,434	(282,270)	1,684,235	5,112,136	6,865,356	1,300,570
Miscellaneous	487,584	436,512	677,503	491,350	626,056	1,066,531	878,678	806,836	386,319	776,406
Total revenues	\$ 200,848,319	\$ 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
Expenditures:										
Current:										
General government	\$ 25,545,603	\$ 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
Public safety	83,219,856	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
Public works	33,476,824	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
Culture and recreation	14,574,914	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
Urban and community development	28,587,393	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
Debt service:										
Principal	7,456,006	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
Interest, fees, and bond issue costs	4,452,511	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
Capital outlay	8,296,242	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
Total expenditures	205,609,349	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
Excess (deficit) of revenues over expenditures	\$ (4,761,030)	\$ 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)
Other financing sources (uses):										
Transfers in	\$ 41,826,658	\$ 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
Transfers out	(37,637,906)	(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)
Sale of capital assets	-	-	1,119	1,571,243	120,109	304,079	5,480	-	1,329,280	2,670
Face value of bonds and contracts issued	2,255,000	526,800	2,706,853	21,550,000	37,840,000	12,045,000	-	8,210,000	18,735,000	3,867,238
Premium on bonds issued	175,389	-	-	-	3,886,102	-	-	785,507	1,492,494	265,029
Payment to refunded bond escrow agent	(2,438,269)	-	(2,293,547)	-	(8,635,029)	-	-	-	(19,867,377)	(4,060,049)
Total other financing sources (uses)	4,180,872	3,284,814	4,677,187	21,259,398	33,476,076	15,214,829	540,434	6,308,175	160,432	(540,750)
Net change in fund balances	(580,158)	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)
Fund balances, beginning	81,824,437	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
Current year change in inventory levels	(80,054)	(70,485)	(470,082)	165,497	61,340	(399,388)	271,626	74,536	90,678	-
Fund balances, ending	\$ 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
Debt Service as a percentage of non-capital expenditures	6.04%	6.42%	6.62%	6.55%	6.02%	6.00%	13.95%	5.14%	5.14%	10.55%

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, 2021

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	
2012	68,179,409	35,981,291	13,466,847	13,094,196	4,639,051	467,083	135,827,877
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
	Percent to Total Tax Sources						% Increase (Decrease)
2012	50.2	26.5	9.9	9.6	3.4	0.3	1.6
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

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, 2021

Taxable Income per Return	Calendar Year 2021					Calendar Year 2012				
	No. of Returns	% of Total Returns	Total Taxable Income	Tax Dollars	% of Total Tax Dollars	No. of Returns	% of Total Returns	Total Taxable Income	Tax Dollars	% of Total Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$32 or less	4,454	3%	\$ -	\$ -	0%	4,042	3%	\$ -	\$ -	0%
33 - 12,500	10,806	8%	64,600,000	970,000	1%	14,136	12%	81,400,000	1,060,000	2%
12,501 - 25,000	9,065	7%	170,300,000	2,550,000	3%	10,167	8%	188,500,000	2,450,000	5%
25,001 - 50,000	16,130	12%	587,200,000	8,810,000	11%	13,993	12%	506,700,000	6,590,000	14%
50,001 - 100,000	13,459	10%	941,800,000	14,130,000	17%	10,731	9%	743,300,000	9,660,000	20%
More than \$ 100,000	6,791	5%	1,397,000,000	20,960,000	26%	3,723	3%	639,800,000	8,320,000	17%
Subtotal	60,705	46%	\$ 3,160,900,000	\$ 47,420,000	58%	56,792	47%	\$ 2,159,700,000	\$ 28,080,000	59%
Non-Resident Taxpayers:										
\$66 or less	6,676	5%	\$ -	\$ -	0%	7,283	6%	\$ -	\$ -	0%
67 - 12,500	14,744	11%	76,300,000	570,000	1%	15,251	13%	75,400,000	490,000	1%
12,501 - 25,000	8,081	6%	149,400,000	1,120,000	1%	9,667	8%	165,900,000	1,080,000	2%
25,001 - 50,000	15,112	12%	557,800,000	4,180,000	5%	15,872	13%	566,100,000	3,680,000	8%
50,001 - 100,000	13,855	11%	953,400,000	7,150,000	9%	9,299	8%	701,500,000	4,560,000	10%
More than \$100,000	6,613	5%	1,420,800,000	10,660,000	13%	972	1%	768,100,000	4,990,000	10%
Subtotal	65,081	50%	\$ 3,157,700,000	\$ 23,680,000	29%	58,344	49%	\$ 2,277,000,000	\$ 14,800,000	31%
All Other Returns										
Subtotal	5,590	4%	\$ 737,300,000	\$ 11,050,000	13%	4,948	4%	\$ 388,800,000	\$ 5,040,000	11%
Total	131,376	100%	\$ 7,055,900,000	\$ 82,150,000	100%	120,084	100%	\$ 4,825,500,000	\$ 47,920,000	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, 2021

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
2012	2,717,505,766	1,211,720,594	233,719,626	432,987,800	4,595,933,786	(208,494,073)	8.3713	9,841,897,400	47	(5.22)
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	47	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	46	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	44	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	41	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	39	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

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, 2021

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
2012	2011	34,133,129	33,993,003	99.59	(322,274)	33,670,729	98.65
2013	2012	32,464,748	32,073,324	98.79	(132,167)	31,941,157	98.39
2014	2013	31,640,801	31,561,732	99.75	(83,003)	31,478,729	99.49
2015	2014	31,685,204	31,502,619	99.42	(206,072)	31,296,547	98.77
2016	2015	36,360,029	36,281,099	99.78	(437,785)	35,843,314	98.58
2017	2016	36,345,588	36,317,720	99.92	(390,351)	35,927,369	98.85
2018	2017	37,127,348	37,069,247	99.84	(46,801)	37,022,446	99.72
2019	2018	38,644,162	38,545,648	99.75	(20,084)	38,525,565	99.69
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

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, 2021

Fiscal Year	Tax Year	City of Grand Rapids Direct Tax Rates ¹							Total State Education	Total Intermodal Transit	Total County ⁶	Combined Total
		General Operating	Promotional and Advertising	Library ²	Refuse Collection	Parks ⁵	Total City	Total School ³				
Tax Rates: ⁴												
2012	2011	4.1070	0.0110	2.4533	1.8000	-	8.3713	26.8368	6.0000	1.2900	5.3940	47.8921
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

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.

Principal Property Tax Taxpayers (Unaudited)

Current Year and Nine Years Previous
June 30, 2021

Taxpayer	Type of Business	Fiscal Year 2021			Fiscal Year 2012		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric utility	\$ 112,121,245	1	2.02%	\$ 54,670,017	1	1.18%
Amway Hotel Corp.	Hospitality	44,812,342	2	0.81	37,394,114	2	0.81
DTE Gas Company	Gas utility	44,463,200	3	0.80	19,377,494	10	0.42
Centerpoint Owner, LLC	Retail Shopping center	31,944,404	4	0.58			
HP3 LLC	Lodging, dining, retail	26,672,019	5	0.48	26,152,000	4	0.56
Steelcase, Inc.	Lodging, dining, retail	19,648,879	5	0.35	23,110,608	5	0.50
Midtown Properties Peal & Ottawa LLC		17,865,900	7	0.32			
Grip Medical Properties LLC		17,739,400	8	0.32			
Meijer Inc	Retailer	17,624,567	9	0.32			
Brix Grand Rapids Group LLC		17,187,303	10	0.31			
Kellogg/ Keebler Company*	Bakery products				35,820,500	3	0.77
Centerpointe Dvlpmnt Co LLC	Shopping Center/ Real Estate				20,518,791	7	0.44
SH- 2, LLC & BT- 2, LLC	Real estate				19,957,200	8	0.43
Fifth Third Bank, Michigan	Banking/ Real Estate				21,603,021	6	0.47
Dematic Corporation	Material Handling Manufacturer						
Michigan Street Development	Medical Office Building Development				19,491,504	10	0.42
		<u>\$ 350,079,259</u>		<u>4.31%</u>	<u>\$ 278,095,249</u>		<u>1.23%</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 \$5,538,560,702 in December 2021 and \$4,633,218,786 in 2012 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.

Computation of Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2021

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 198,080,000	99.99%	\$ 198,060,192
Caledonia Community Schools	139,572,902	11.00%	15,353,019
Forest Hills Public Schools	148,930,000	2.52%	3,753,036
Godwin Heights Public Schools	24,315,000	8.20%	1,993,830
Kenowa Hills Public Schools	96,365,000	0.65%	626,373
Kentwood Public Schools	82,515,000	8.06%	6,650,709
Kent County	116,825,000	21.56%	25,187,470
Grand Rapids Community College	27,170,000	20.84%	5,662,228
Total overlapping debt	<u>\$ 833,772,902</u>		<u>\$ 257,286,856.72</u>
City direct debt			<u>64,293,109</u>
Total City direct and overlapping debt			<u>\$ 321,579,966</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, 2021

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
2012	64,492,376	1.72	340	30,985,319	-	95,477,695
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	326	20,112,680	-	85,720,721
2021	45,248,041	0.86	227	19,045,068	-	64,293,109

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
	2012	35,916,658	380,402,290	416,318,948	503,531,288	13.68
2013	34,509,504	411,135,020	445,644,524	523,986,421	14.21	2,798
2014	33,404,366	391,095,979	424,500,345	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

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

(1) Population Source:

2010: The Right Place, Inc.

2011-2019: U.S. Census Bureau - American Fact Finder- City of Grand Rapids

(2) Income Source:

2010-2011: The Right Place, Inc. - Grand Rapids Combined Statistical Area (CSA)

2012-2019: U.S. Census Bureau - American Fact Finder - City of Grand Rapids

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years
June 30, 2021

	<u>2012</u>	<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>
Debt Limit	\$ 499,227,840	\$ 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
Total net debt applicable to limit	<u>170,691,640</u>	<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>
Legal debt margin	<u>\$ 328,536,200</u>	<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>
Total net debt applicable to the limit (as a percentage of debt limit)	34.19%	31.40%	30.48%	32.97%	35.31%	34.17%	25.41%	22.94%	18.10%	11.99%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	\$ 7,373,738,100
Add back: exempt property	<u>121,004,100</u>
Total Assessed Value	7,494,742,200
Debt limit (10% of total AV)	749,474,220
Debt applicable to limit:	
Total debt outstanding	508,375,739
Less: exempt debt	<u>418,519,480</u>
Total net debt applicable to limit	<u>89,856,259</u>
Legal debt margin	<u>\$ 659,617,961</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, 2021

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>							
2012	46,561,423	24,548,041	22,013,382	9,110,000	5,782,527	14,892,527	1.48
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
<u>Sewage Disposal System Fund:</u>							
2012	52,720,174	23,396,338	29,323,836	8,216,281	12,010,113	20,226,394	1.45
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

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 for fiscal years 2012-2020. Fiscal year 2021 transfers are included in operating revenue.

(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 for fiscal years 2012-2020. Fiscal year 2021 transfers are included in operating expenses. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Demographic Statistics (Unaudited)

Last Ten Fiscal Years

June 30, 2021

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
2012	189,813	3,742,353,108	19,716	31.2	17,091	10%
2013	190,426	3,749,297,514	19,689	30.6	16,498	8.7
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	31.0	15,313	8.1
2021	198,917	5,251,209,883	26,399	31.4	14,497	7.2

Notes: (1) 2012-2021: U.S. Census Bureau - American Fact Finder- City of Grand Rapids

(2) 2012: The Right Place, Inc. - Grand Rapids Combined Statistical Area (CSA)
2012-2021: U.S. Census Bureau - American Fact Finder - City of Grand Rapids

(3) 2012-2014: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
2015-2021: 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, 2021

Employer	Type of Business	2021			2012		
		West Michigan	Rank	Total City	West Michigan	Rank	Total City
		Employees		Employment	Employees		Employment
Spectrum Health	Hospital and medical services	25,000	1	21.5%	18,000	1	15.7%
Meijer, Inc.	Retailer	10,340	2	8.9	7,725	3	6.7
Mercy Health	Hospital and medical services	8,500	3	7.3			
Gentex Corporation	Glass products manufacturing for autos	5,800	4	5.0			
Gordon Food Service Inc.	Wholesale/ Distribution	5,000	5	4.3			
Amway Corporation	Consumer products manufacturing	3,791	6	3.3	4,000	5	3.5
Herman Miller, Inc.	Furniture manufacturing	3,621	7	3.1			
Perrigo Company	Pharmaceutical manufacturing	3,500	8	3.0			
Steelcase, Inc.	Furniture manufacturing	3,500	9	3.0	3,227	8	2.8
Farmer's Insurance Group	Insurance	3,500	10	3.0			
Grand Valley State University	Education						
Grand Rapids Public Schools	Education				3,297	7	2.9
Spartan Stores, Inc.	Food distributor and retailer				4,258	4	3.7
Axios, Inc.	Human resources and employment services				8,000	2	7.0
St. Mary's Health Care	Hospital and medical services				2,672	10	2.3
Metro Health Hospital	Hospital and medical services						
Johnson Controls In GR	Automation and Controls				3,900	6	3.4
Fifth Third Bank	Banking Services				2,729	9	2.4
		<u>72,552</u>		<u>62.4%</u>	<u>57,808</u>		<u>\$ 50.30</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 2019 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 124,193 in 2011. 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, 2021

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessor	16.0	16.0	15.0	14.2	14.2	13.9	15.2	15.2	15.2	15.2
Attorney	16.0	15.0	15.0	15.0	17.0	17.0	17.0	17.0	18.0	18.0
City Clerk	9.0	9.0	10.0	9.0	9.0	10.0	11.0	11.0	11.0	11.0
Community Development	25.0	20.0	17.0	14.6	14.6	14.9	15.4	15.4	15.4	15.9
Comptroller	15.0	16.0	16.0	16.3	17.0	17.0	15.0	15.0	15.0	16.0
311 Customer Service	-	-	10.0	12.0	13.0	13.0	14.0	14.0	14.1	14.1
Dispatch	51.0	51.0	51.0	53.5	53.5	44.0	42.8	42.8	46.0	44.0
61st District Court ¹	90.3	88.1	87.5	85.8	87.3	92.0	92.0	93.0	90.0	94.0
Economic Development	4.0	4.0	1.5	1.2	1.2	1.2	2.2	2.2	2.2	2.4
Engineering	42.0	24.0	26.0	29.4	35.4	36.3	39.1	39.1	40.0	39.3
Environmental Services/Sewage	113.0	98.0	97.7	114.9	117.4	118.2	118.2	119.3	137.3	136.7
Equal Opportunity (Admin Services)	5.0	5.0	4.3	3.3	4.3	4.3	4.3	4.3	4.0	7.0
Executive	11.0	11.0	11.0	11.0	12.8	12.2	18.1	22.2	18.3	19.2
Facilities Management	12.0	12.0	11.8	12.1	12.1	13.7	13.6	13.6	14.6	14.6
Fire	235.0	235.0	189.5	189.5	198.5	198.0	199.0	198.8	199.3	199.3
Fiscal Services	10.0	10.0	10.0	9.5	9.5	9.5	11.3	9.3	8.8	9.8
Human Resources	15.0	15.0	14.3	15.0	19.4	20.2	20.2	20.2	20.8	20.8
Income Tax	17.0	14.0	14.0	14.2	15.2	15.2	16.2	16.2	17.2	17.2
Information Technology	4.0	4.0	4.0	3.4	4.4	3.3	3.3	2.3	3.3	2.3
Motor Equipment	33.0	33.0	32.7	33.7	34.7	33.3	33.4	33.4	34.7	33.8
Neighborhood Improvement (Building Inspections)	37.0	42.0	43.0	44.3	49.2	50.9	56.4	57.4	59.5	59.7
Parking Services	31.0	31.0	32.9	25.1	36.5	38.3	40.3	43.5	45.8	47.3
Parks and Recreation	34.0	31.0	26.0	27.2	31.2	35.2	36.9	37.1	41.6	38.8
Planning	9.0	10.0	11.0	12.3	14.3	13.9	13.4	11.0	13.7	13.4
Police	338.0	328.0	304.0	369.5	321.0	320.0	325.0	325.0	334.0	335.0
Public Library ¹	168.0	165.0	152.0	149.0	150.0	152.0	153.0	156.5	156.5	157.0
Streets & Sanitation	82.0	79.0	74.3	63.8	73.5	75.5	77.4	76.9	123.5	123.0
Traffic Safety	33.0	35.0	34.5	36.4	38.4	37.7	38.1	37.5	23.8	22.7
Treasurer	19.0	19.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0	18.0
Water	157.0	156.0	140.0	128.0	110.3	112.1	112.1	115.0	117.0	117.1
Seasonal and Other FTEs ¹	129.5	86.3	122.6	80.0	97.0	114.2	112.0	116.6	64.3	74.6
	<u>1,761</u>	<u>1,662</u>	<u>1,597</u>	<u>1,611</u>	<u>1,630</u>	<u>1,655</u>	<u>1,683</u>	<u>1,698</u>	<u>1,722</u>	<u>1,737</u>

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.

Function/Program ¹	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Archives										
Requests ²	1,300	1,300	1,300	1,300	1,340	1,728	1,501	1,835	3,488	1,410
Boxes Stored ⁵	14,147	14,147	14,147	14,147	14,147	14,147	14,147	14,147	-	18,883
Cubic Feet of Records Stored ⁵	-	-	-	-	-	-	-	-	17,102	21,122
Clerk										
Voters in November Election	18,042	81,616	16,114	49,153	20,085	85,483	16,114	77,286	28,625	98,095
Public Safety										
Fire										
Total Calls ²	21,453	22,372	21,422	21,885	22,256	23,166	24,020	22,395	24,124	23,120
Civilian Fire Deaths ²	5	2	1	2	1	2	3	3	2	9
Police										
Major Crimes ²	7,846	8,483	8,482	6,948	6,288	5,760	5,432	5,405	5,121	5,503
Physical Arrests ²	16,550	16,823	13,235	14,477	14,756	15,142	13,174	13,094	10,869	4,612
Public Works										
Refuse										
Tons of Refuse Picked Up	26,458	23,071	23,590	24,613	26,305	26,683	28,154	31,873	35,708	36,745
Tons of Recycling Removed	9,579	9,905	10,669	10,647	10,118	10,042	9,852	7,244	6,501	8,171
Culture and Recreation										
Parks and Recreation										
Open Swim Participants	31,986	23,315	28,609	51,515	52,432	51,663	39,709	46,585	31,564	8,249
Swimming Lesson Participants	623	292	442	537	357	345	413	388	223	132
Softball League Teams	183	156	129	120	104	95	86	87	34	41
Public Library										
Library Card Holders	66,631	65,873	75,490	70,079	69,481	66,966	66,799	66,073	70,855	64,247
Total User Count	1,024,530	983,299	945,977	912,354	782,899	747,582	683,574	697,626	450,502	92,686
Local History Collection Users	42,560	38,744	35,349	36,356	35,663	35,524	34,819	40,138	25,127	4,879
Total Circulation of Materials	1,740,784	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
Urban and Community Development										
Building Permits Issued	2,074	2,314	2,281	2,552	2,662	2,900	2,884	2,938	2,640	2,529
Construction Value	\$ 165,540,000	\$ 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
Business-Type Activities										
Cemeteries										
Burials	492	469	408	436	394	408	378	366	385	466
Parking System										
Event and Visitor Parking	935,131	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
Sewage Disposal System										
Number of Retail Customers	73,960	73,956	74,146	74,415	74,628	74,805	75,052	75,241	75,524	75,728
New Connections	165	275	288	330	303	259	282	306	288	328
Billions of Gallons Treated ³	14,921	15,100	15,062	14,753	18,819	15,367	14,705	16,005	16,968	12,844
Peak Daily Flow (millions of gal.)	84.60	82.10	71.80	87.65	76.30	80.10	88.30	80.00	87.70	85.7
Average Daily Flow (millions of gal.)	40.90	41.40	41.40	40.53	40.60	42.10	40.37	43.89	46.33	35.18
Water Supply System										
Number of Retail Customers ⁴	78,616	79,794	80,813	82,163	83,340	85,103	86,418	79,875	80,242	80,504
New Connections	317	277	287	326	315	273	305	389	310	315
Billions of Gallons Produced	13,176	13,438	12,997	12,364	12,623	12,565	13,525	12,911	12,735	13,381
Peak Daily Flow (millions of gal.)	70.24	80.24	63.70	63.02	64.02	69.77	66.39	77.14	63.14	75.10
Average Daily Flow (millions of gal.)	36.00	36.70	35.60	33.84	34.68	34.39	37.01	35.31	34.77	36.6

- 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; 2010-2013 revised accordingly.
 - (4) In FY14, number of customers for 2010-2013 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.

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2021

<u>Function/Program</u> ¹	<u>2012</u>	<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>
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetlights	20,178	20,178	20,178	20,178	19,307	18,539	18,037	18,037	18,037	18,037
Streets										
Miles of paved streets- major	206	206	206	206	206	206	206	211	207	211
Miles of paved streets- local	388	388	287	387	387	387	387	393	387	394
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	71	71	71	71
Number of swimming pools	9	9	9	9	3	3	3	3	3	3
Number of ball diamonds	74	74	74	74	74	74	74	74	74	74
Supervised playgrounds	10	0	0	0	0	1	1	1	0	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	8	10	10	10	14	14
Sewage Disposal System										
Miles of sanitary sewers	904	905	907	910	913	913	915	920	921	925
Water Supply System										
Miles of water mains	1,161	1,163	1,165	1,167	1,169	1,175	1,178	1,185	1,187	1,188

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