



CITY OF
GRAND
RAPIDS

FY2023

Annual Comprehensive Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2023

300 Monroe Ave NW | Grand Rapids, MI | 49503 | 616-456-3189 | grandrapidsmi.gov

About the cover:

Reflections of the McKay Tower Building on the PNC Bank Building, on the corner of Monroe Avenue and Pearl Street.

PNC Bank Building- Mirror on Monroe, was built in 1980 and is one of the most photographed buildings in Grand Rapids because of its reflective properties that highlight the skyline. The building has a prominent location on the City's skywalk system – a 7 block indoor climate-controlled connector to some of downtown Grand Rapids' finest hotels, restaurants, and entertainment venues, including the VanAndel Arena spanning one mile.

History of the McKay Tower – In 1833, Joel Guild moved his family from New York to Grand Rapids, purchasing the site of the present-day McKay Tower from Louis Campau for \$25. It took Guild roughly 10 weeks to build his 16x26 foot house. It was the first frame house in Grand Rapids, and the lumber for it was produced at the sawmill located on the Ottawa Mission. Guild and his family moved into the house August 31, 1833.

In 1865, The City National Bank for formed. It was built sometime in the mid-1860s on the corner of Monroe and Pearl.

In 1914, the Grand Rapids National City Bank acquired the property with the intent of running both itself and its auxiliary, the City Trust and Savings Bank, in one large building facing Campau Square.

The bank and the Wonderly Building were both demolished in 1914 to pave the way for the first four stories of the current McKay Tower structure.

On April 19, 1930, the Grand Rapids National Bank lit the new "great dome of red light" for the first time. At the time, it was thought to be the largest neon-lighted beacon in the United States. It cost \$18,000 to install and was projected to cost \$55 per month to operate.

In 1942, Frank McKay, a well-known businessman and State of Michigan Treasurer, purchased the former Grand Rapids National Bank building, which was renamed "McKay Tower" sometime between 1953 & 1956. Frank McKay willed his tower to the University of Michigan.

In 2020, the Match-E-Be-Nash-She-Wish Band of Pottawatomi Indians (Gun Lake Tribe) and the Nattawaseppi Huron Band of the Potawatomi purchased McKay Tower.

City of Grand Rapids, Michigan

Annual Comprehensive Financial Report Year Ended June 30, 2023

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

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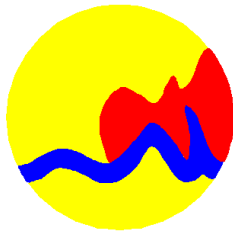
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CITY OF GRAND RAPIDS

December 8, 2023

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

I am pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Grand Rapids, Michigan (the City) for the fiscal year ended June 30, 2023 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 controls 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, 2023. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

The City also provides **business-type activities** which include the water and sewer systems, parking services, cemeteries, Belknap Ice Arena, and Indian Trails Golf Course. The water and sewer systems provide service to over 81,000 water and 76,000 sewer 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 7,000 off-street and 2,750 on-street parking spaces. These services are similar to a business enterprise and are intended to be funded solely by charges and fees. The revenues from these services can only be used to provide these services.

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

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

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

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

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

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

The City is a significant economic presence in the region. This year the City spent approximately \$423 million on governmental and proprietary services. The City is a service organization, so its single largest expense is payroll costs, but as is true most years, about 18 percent of the total outlay went into improvements and additions to the City's capital assets, primarily street, water and sewer infrastructure. This organization continues to recognize that the short-term savings from deferring maintenance is small compared to the future costs created by failing to maintain infrastructure assets.

Approximately 59 percent of the City's governmental revenues are derived from the City income tax and local property taxes. A temporary income tax increase approved by the voters on May 4, 2010 expired on June 30, 2015. On May 6, 2014 the voters extended that increase for 15 years with the resulting revenue restricted to the repair and rebuilding of the City's streets and sidewalks. As a result of this temporary increase the income tax rate for residents and businesses is 1.5 percent and the income tax rate for non-residents is 0.75 percent. Income tax revenue for fiscal year 2023 increased 7.8 percent from fiscal year 2022 to \$132.5 million; and revenue from property taxes increased 5.4 percent to \$50.3 million.

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

CITY'S FINANCIAL POSITION

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

Local Economy

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

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

The local economy has improved from the pandemic as the City's foot traffic and hotel occupancy have returned to pre-pandemic levels as hotels estimate a 3% increase in occupancy compared to 2022. The City continues to host various nationally recognized events including Art Prize and Worlds of Winter. River revitalization continues to be a focus as the City saw multiple projects along the river kick-off in 2023, including expansion of the Grand Rapids Public Museum and the redevelopment of Lyon Square, and the City is in the final planning stages for an outdoor amphitheater, which when completed will host a variety of concerts and events. The Grand Rapids unemployment rate dipped slightly from 3.9 percent in June of 2022 to 3.7 percent in June 2023. Income tax withholding payments during the first half of 2023 were trending upward approximately 9.9 percent over last year. Construction activity has resumed back to normal as many projects delayed by the pandemic were complete while many new projects started. As with the rest of the country, the City continues to deal with challenges related to supply chain issues and inflation. Building permit requests have increased within the last year, leading the City to evaluate staffing needs to ensure smooth permitting processes for developers and residents. Assessment values continue to rise steadily year over year for real, commercial, and residential properties. New construction and redevelopment continue both downtown, in the parks, and in the neighborhoods as the City continues to revitalize.

In fiscal 2022, the City was awarded \$92 million through the American Rescue Plan Act of 2021. Per U.S. Department of Treasury guidance, eligible costs must be incurred by December 31, 2024 and expended by December 31, 2026. As of June 30, 2023, the City has reported total expenditures since acceptance of award of \$25.5 million and has obligated another \$25.9 million. Areas of targeted spending include emergency sheltering for unhoused persons, homelessness support through contracts with Network180, expansion of broadband to city parks, mental health co-response, purchases of personal protection equipment and insurance fund reimbursement for COVID related medical costs in addition replacing revenues lost because of the pandemic. The City continues to evaluate the use of ARPA funds to ensure compliance with federal requirements.

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

Public Safety is a high priority for the City and its Departments. The Grand Rapids Police Department updated its Strategic Plan, continued its Data Informed Community Engagement (DICE) Initiative to focus on crime prevention, and completed a review and update of its Manual of Procedures. The Department supported the Co-Response Mental Health team, which resulted in 362 emergency department diversions, 524 EMS diversions, and 155 jail diversions. The Grand Rapids Fire Department maintained their Center for Public Safety Excellence accredited status by demonstrating its compliance with all core competencies and stated standards of the Quality Improvement for the Fire and Emergency Services Manual. Additionally, the Fire Prevention Division established the GRFD Fire Prevention Foundation, a Michigan nonprofit charitable organization supporting fire prevention activities within the community.

The City continues its commitment to the environment by installing a 0.90 megawatt-generating solar array, which produces power for the City's Lake Michigan Filtration Plant. The City's new solar array generates about 10% of the power needs of the City's water filtration plant and is expected to save the City about \$200,000 annually in electric costs. The solar array helps the City work towards its best-in-class carbon reduction goals for municipal operations: 85% reduction by 2030 and net-zero by 2040.

Based on 2020 data, City staff calculated that the City had reduced its own emissions by 45% when comparing performance against its baseline year of 2008. These goals and performance exceed the Paris Climate Accord targets. The City has received the Michigan Green Communities Network gold certification for funding its environmental sustainability projects including the Vital Streets Initiative, and Feet on the Street recycling education program. Additionally, the City secured MI-HOPE funding to serve five additional homes through the City's E.H.Zero residential renovation pilot, which seeks to increase health, financial and energy efficiency outcomes for residents.

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, the City can continue looking toward the future for opportunities.

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 for the General Fund show deficits in the last four years of the projections, within the ability of current fund balances to cover; but a potential negative trend that needs to be monitored and reassessed to ensure the organization continues to live within its means.

Relevant Financial Policies

The City Commission adopted the current fund balance policy which complies with GASB 54 requirements. This policy established five classifications (non-spendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund and all special revenue funds. The classifications comprise a hierarchy based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in those funds can be spent. The five classifications are further categorized into two groups, restricted (non-spendable and restricted) and unrestricted (committed, assigned, and unassigned). This policy states specifically that the General Operating Fund will maintain an unassigned balance equal to 15 percent of its expenditures. The Budget Stabilization Fund, as allowed by Public Act 30 of 1978, was reopened in fiscal year 2013 with a goal of holding an additional 10 percent of General Fund Expenditures in preparation for the next economic downturn. For financial reporting, this fund is consolidated with the General Fund as required by GASB 54. The combined funds achieved the desired total fund balance of 25 percent of expenditures during fiscal year 2023. The unassigned fund balance of the General Fund ended the current year at 40.1 percent and the Budget Stabilization Fund ended at 10.69 percent of fiscal year 2023 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 619 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.

The City continues to finalize the details of the sale of its 201 Market Ave SW property, the future development site for the planned new amphitheater, to the Kent County Arena/Convention Authority. As part of this process, the City has purchased the former Kent County Road Commission Building to move all operations currently located at 201 Market Ave SW. This move is expected in the coming year.

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, 2022; 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, 2022. The receipt of this award marks the thirty-fifth consecutive year the City has been honored by the GFOA for distinguished budget presentation. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Charles M Frantz
City Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

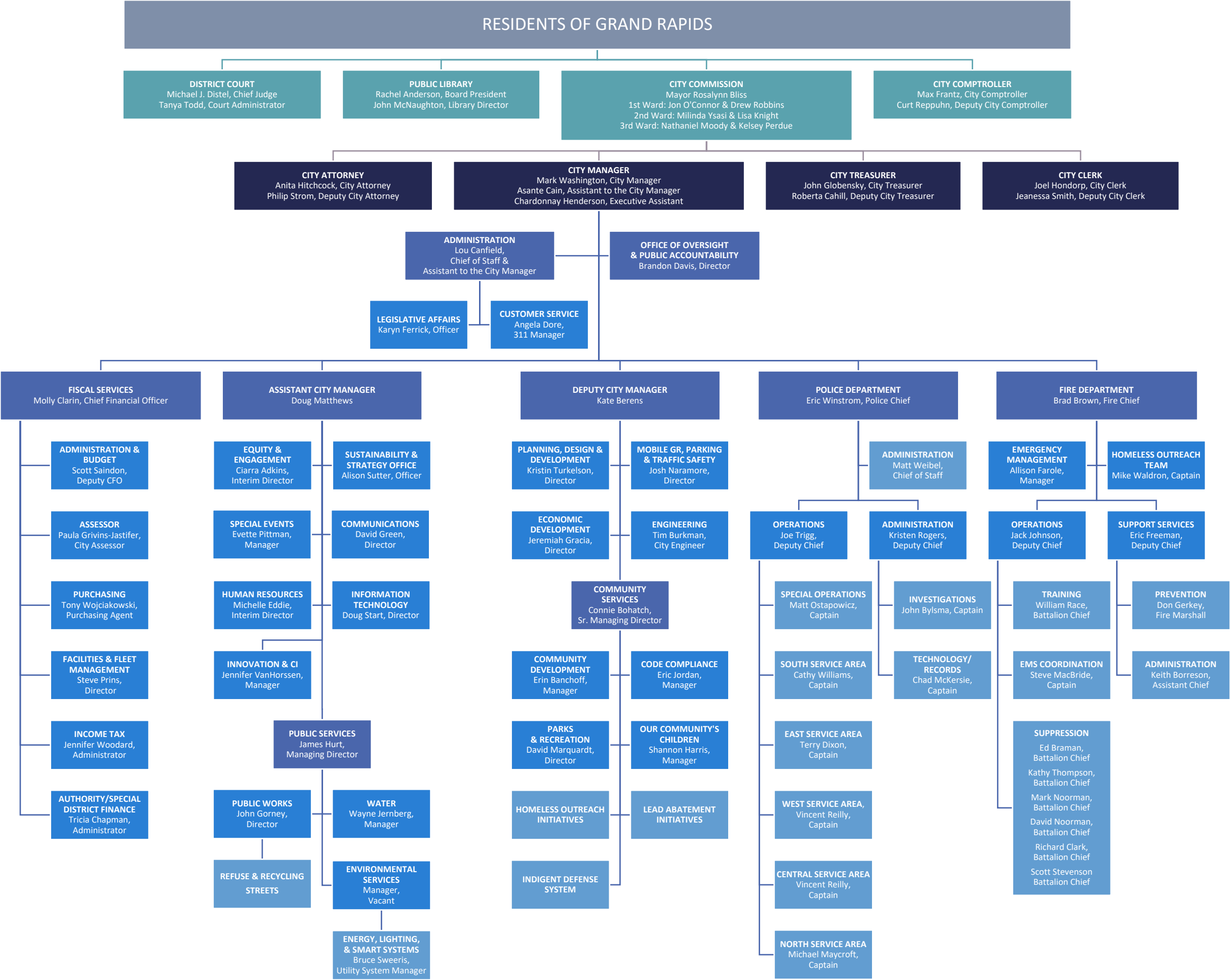
**City of Grand Rapids
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



**Principal Officials of the City of Grand Rapids, Michigan
As of June 30, 2023**

Elected Officials

Mayor	Rosalynn Bliss
Commissioners	Jon O'Connor Drew Robbins Milinda Ysasi Lisa Knight Nathaniel Moody Kelsey Perdue
Comptroller	Charles M. Frantz

Appointed Officials

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

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2023 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2022, which represent 92 percent of both the assets and net position 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, 2023 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2022, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, at July 1, 2022, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which gives guidance on the identification and reporting of subscription-based information technology arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison schedules, schedules of changes in the City's net pension and OPEB liabilities and related ratios, schedules of contributions, and schedules of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

December 8, 2023

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Management's Discussion and Analysis

As the management of the City of Grand Rapids (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. 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, 2023, net position totalled \$917,795,779. The unrestricted portion of this amount, \$94,443,705, 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 pension liability increased by \$180,542,219 and the net OPEB liability decreased by \$1,286,684. The net pension liability increase is primarily related to the negative return on investments as of the June 30, 2022 and December 31, 2022 measurement dates for the plans used in the liability determination as of June 30, 2023. The OPEB liability decrease is primarily a result of differences between expected and actual experiences (i.e. health care costs) and changes in assumptions.
- The City's total net position increased by \$51,036,394 during the fiscal year. Governmental activities increased net position by \$31,797,720 driven by increases in City tax receipts and charges for services offset by increase in governmental activities expenditures. Business-type activities increased net position by \$19,238,674 driven by positive operating results in Water Supply System, Sewer Disposal System and Parking System funds.
- At June 30, 2023, the City's governmental funds reported combined fund balances of \$222,947,415, an increase of \$34,072,259 from the previous year. A total of \$5,048,482 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$36,784,253 is *restricted* as to purpose by an outside party, which means \$181,114,680 is available for spending at the City's discretion, but only within the purpose of the individual funds where the fund balance is located. Only the *unassigned* fund balance of the Governmental Funds, a total of \$66,765,634 at June 30, 2023, is available to use for any purpose.
- In fiscal year 2011, the City Commission established a policy that the General Fund's unassigned fund balance should be 15% of current expenditures, including transfers-out. The unassigned portion of the fund balance of the General Fund totalled \$66,765,634 at year-end; a decrease of \$1,467,198 from the previous year and 40.1% of 2023 General Fund expenditures. The unassigned fund balance at the end of the year was \$41.8 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 10.69% of current General Fund expenditures is presented as \$17,798,835 in committed fund balance within the General Fund.
- The total debt of the City and its component units decreased by \$26,287,765 as a result of principal payments and other reductions. The City did not issue any new, or redeem any old, bonds during the year ended June 30, 2023. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.

Overview of the Financial Statements

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

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.

Management's Discussion and Analysis (Continued)

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, six 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 21-24 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 25-26 and 28-29 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 27 and 30.

The City maintains four major and twenty 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 123-126.

Management's Discussion and Analysis (Continued)

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 120 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 127.

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 31-35 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 128-134.

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 36-37 of this report with important additional detail on pages 137-138.

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 42-100 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 101-118 following the notes to financial statements.

At the end of the report, on pages 141-161 are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall financial position of the City by showing current information in a multi-year context.

Management's Discussion and Analysis (Continued)

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total Primary Government 2023	Total Primary Government 2022
Current and other assets	\$ 418,140,773	\$ 384,053,597	\$ 204,490,242	\$ 213,083,747	\$ 622,631,015	\$ 597,137,344
Capital assets, net of accumulated depreciation	329,911,948	320,564,731	923,247,042	916,013,786	1,253,158,990	1,236,578,517
Total Assets	<u>748,052,721</u>	<u>704,618,328</u>	<u>1,127,737,284</u>	<u>1,129,097,533</u>	<u>1,875,790,005</u>	<u>1,833,715,861</u>
Deferred outflows of resources	104,188,833	55,447,325	14,733,310	11,269,463	118,922,143	66,716,788
Current liabilities	116,454,417	121,657,338	15,906,629	15,265,140	132,361,046	136,922,478
Non-current liabilities	396,862,991	237,644,108	493,128,796	499,374,608	889,991,787	737,018,716
Total Liabilities	<u>513,317,408</u>	<u>359,301,446</u>	<u>509,035,425</u>	<u>514,639,748</u>	<u>1,022,352,833</u>	<u>873,941,194</u>
Deferred inflows of resources	46,715,313	140,353,094	7,848,223	19,378,976	54,563,536	159,732,070
Net investment in capital assets	267,551,294	254,278,896	479,521,033	460,567,972	747,072,327	714,846,868
Restricted net position	42,092,769	29,285,971	34,186,978	33,752,511	76,279,747	63,038,482
Unrestricted net position	(17,435,230)	(23,153,754)	111,878,935	112,027,789	94,443,705	88,874,035
Total Net Position	<u>\$ 292,208,833</u>	<u>\$ 260,411,113</u>	<u>\$ 625,586,946</u>	<u>\$ 606,348,272</u>	<u>\$ 917,795,779</u>	<u>\$ 866,759,385</u>

Total net position at June 30, 2023 was \$917,795,779, an increase of \$51,036,394 from the net position at June 30, 2022 of \$866,759,385.

The City's current and other assets increased by \$25,493,671 or 4.27%. Governmental activities saw a \$34,087,176 increase in current and other assets attributable to increase in equity in pooled cash and investments and increase in receivables. Business type activities saw a \$8,593,505 decrease in current and other assets primarily due to the reduction during the year of restricted assets required by certain bond issues.

Total deferred outflows of resources increased by \$52,205,355 during the year. The increase was primarily due to net difference between projected and actual earnings on pension plan investments for both the General and Police & Fire Plan. See Note 7 Pension Plans on pages 75-82 for additional information.

The total liabilities of the primary government increased 16.98% or \$148,411,639. Current liabilities decreased \$4,561,432 or 3.33%. Non-current liabilities increased \$152,973,071 or 20.76%. The non-current liabilities increase was primarily related to the negative return on investments as of the June 30, 2022 and December 31, 2022 measurement dates for the plans used in the liability determination as of June 30, 2023. See Note 7 Pension Plans on pages 75-82 for additional information.

Total deferred inflows of resources decreased by \$105,168,534 during the year primarily due to the net difference between projected and actual earnings on pension plan investments for both the General and Police & Fire Plan. Both plans saw significant changes due to changes in economic and demographic factors related to pensions. These differences are amortized over 5 years and over a closed period equal to the average of the expected remaining period of service for all system members respectively.

By far, the largest portion of the City's net position (81.4%) 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* \$94,443,705, 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 \$66.8 million of the General Fund's *unassigned* fund balance shown on page 25 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 \$41.8 million more than the target goal in the fund balance policy.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

	City of Grand Rapids' Capital Assets (net of depreciation)					
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2023	2022	2023	2022	2023	2022
Land	\$ 27,379,201	\$ 27,055,048	\$ 14,706,068	\$ 14,706,068	\$ 42,085,269	\$ 41,761,116
Easements/Right of Way	1,679,745	1,630,489	3,728,274	3,469,479	5,408,019	5,099,968
Land improvements	31,275,544	28,423,123	11,272,330	12,121,139	42,547,874	40,544,262
Buildings and structures	55,898,537	57,371,687	96,731,925	101,191,547	152,630,462	158,563,234
Storage tanks	-	-	10,872,122	10,287,022	10,872,122	10,287,022
Machinery and equipment	18,586,597	17,097,549	149,321,838	152,950,328	167,908,435	170,047,877
Motor vehicles	24,513,458	25,520,756	1,948,840	2,288,964	26,462,298	27,809,720
Furniture	2,524	4,501	6,681	6,915	9,205	11,416
Software	-	-	-	-	-	-
Water and sewer mains	-	-	612,878,992	598,572,993	612,878,992	598,572,993
Infrastructure	116,725,369	117,829,606	-	-	116,725,369	117,829,606
Lease assets	24,945	49,238	2,130,498	2,699,044	2,155,443	2,748,282
Subscription assets	3,114,156	-	-	-	3,114,156	-
Construction in progress	50,711,872	45,582,734	19,649,474	17,720,287	70,361,346	63,303,021
Total	<u>\$ 329,911,948</u>	<u>\$ 320,564,731</u>	<u>\$ 923,247,042</u>	<u>\$ 916,013,786</u>	<u>\$ 1,253,158,990</u>	<u>\$ 1,236,578,517</u>

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2023 amounts to \$1,253,158,990 (net of accumulated depreciation). This investment in capital assets is summarized above. The City's new investments in capital assets for the current fiscal year (before disposals or depreciation allowances) totalled \$77.9 million. Major capital asset events during the current fiscal year included the following:

- Water Supply System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$23,921,355 during the year ended June 30, 2023. Construction in progress on additional projects not completed as of June 30, 2023 totalled \$11,434,860.
- Various Sewage Disposal System additions and improvements, including completed construction in progress projects, were placed in service at a cost of \$14,888,267 during the year ended June 30, 2023. Construction in progress on additional projects not completed as of June 30, 2023 totalled \$6,980,783.
- Rehabilitation or reconstruction of major and local streets were completed at a cost of \$11,627,548.
- Assets owned by others that the City has the right to use have been segregated in accordance with GASB Statement No. 87 *Leases*. The total such assets included as capital assets for its governmental and business type activities as of June 30, 2023 amounts to \$2,155,443.
- The City obtains the right to use vendors' information technology software through various long-term contracts. These subscription assets have been segregated in accordance with GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*. The total such assets included as capital assets for its governmental and business type activities as of June 30, 2023 amounts to \$3,114,156.

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

Management's Discussion and Analysis (Continued)

City of Grand Rapids' Outstanding Debt						
Limited Tax Bonds, Revenue Bonds and Long-term Contracts						
	Governmental Activities 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total 2023	Total 2022
Limited tax pledge bonds	\$ 34,930,000	\$ 38,745,000	\$ 19,715,000	\$ 23,177,762	\$ 54,645,000	\$ 61,922,762
Revenue bonds	13,055,000	14,985,000	388,404,480	418,519,480	401,459,480	433,504,480
Long-term contracts	9,690,000	10,220,000	218,199	638,460	9,908,199	10,858,460
Total	<u>\$ 57,675,000</u>	<u>\$ 63,950,000</u>	<u>\$ 408,337,679</u>	<u>\$ 442,335,702</u>	<u>\$ 466,012,679</u>	<u>\$ 506,285,702</u>

Long-term debt: At June 30, 2023 the City had total long-term debt outstanding of \$466,012,679. Of this amount, \$54,645,000 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds generally require the City to provide sufficient moneys from its general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within its boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. As a practical matter the City pledges its limited full faith and credit on various debt issues to lower debt service costs paid by funds other than the general fund; e.g. the building authority, library, streets, etc. The remainder of the City's debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City's total bonded debt does not include the June 30, 2023 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$21,339,325 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 2023. Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

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Management's Discussion and Analysis (Continued)

Changes in Net Position

	City of Grand Rapids' Changes in Net Position					
	Governmental Activities 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total Primary Government 2023	Total Primary Government 2022
Revenue:						
Program Revenue:						
Charges for services	\$ 48,096,073	\$ 40,583,236	\$ 146,093,519	\$ 139,510,948	\$ 194,189,592	\$ 180,094,184
Operating grants and contributions	50,836,979	60,795,884	6,894,900	1,372,361	57,731,879	62,168,245
Capital grants and contributions	1,980,334	2,074,808	2,924,861	3,003,774	4,905,195	5,078,582
General Revenue:						
Property taxes	50,293,292	47,728,580	-	-	50,293,292	47,728,580
City Income taxes	132,473,827	122,928,335	-	-	132,473,827	122,928,335
Unrestricted state-shared revenue	28,470,105	28,259,417	-	-	28,470,105	28,259,417
Unrestricted investment income	1,938,943	(13,814,112)	2,000,298	(6,465,998)	3,939,241	(20,280,110)
Miscellaneous	1,330,882	984,977	1,178,132	1,239,904	2,509,014	2,224,881
Gain (loss) on sale of capital assets	21,662	53,308	-	-	21,662	53,308
Total Revenue	315,442,097	289,594,433	159,091,710	138,660,989	474,533,807	428,255,422
Expenses:						
General government	44,296,211	37,635,497	-	-	44,296,211	37,635,497
Public safety	122,775,160	90,373,298	-	-	122,775,160	90,373,298
Public works	63,939,716	57,265,534	-	-	63,939,716	57,265,534
Recreation and Culture	26,201,737	23,410,355	-	-	26,201,737	23,410,355
Urban & Community Development	23,498,676	22,386,293	-	-	23,498,676	22,386,293
Interest on long-term debt	2,046,625	2,392,755	-	-	2,046,625	2,392,755
Water Supply System	-	-	54,207,809	44,569,577	54,207,809	44,569,577
Sewage Disposal System	-	-	62,304,794	61,507,678	62,304,794	61,507,678
Parking System	-	-	20,854,865	17,743,653	20,854,865	17,743,653
Other Enterprises	-	-	3,371,820	2,871,739	3,371,820	2,871,739
Total Expenses	282,758,125	233,463,732	140,739,288	126,692,647	423,497,413	360,156,379
Change in Net Position before Transfers	32,683,972	56,130,701	18,352,422	11,968,342	51,036,394	68,099,043
Transfers	(886,252)	(886,036)	886,252	886,036	-	-
Change in Net Position	31,797,720	55,244,665	19,238,674	12,854,378	51,036,394	68,099,043
Net Position - beginning	260,411,113	205,166,448	606,348,272	593,493,894	866,759,385	798,660,342
Net Position - ending	\$ 292,208,833	\$ 260,411,113	\$ 625,586,946	\$ 606,348,272	\$ 917,795,779	\$ 866,759,385

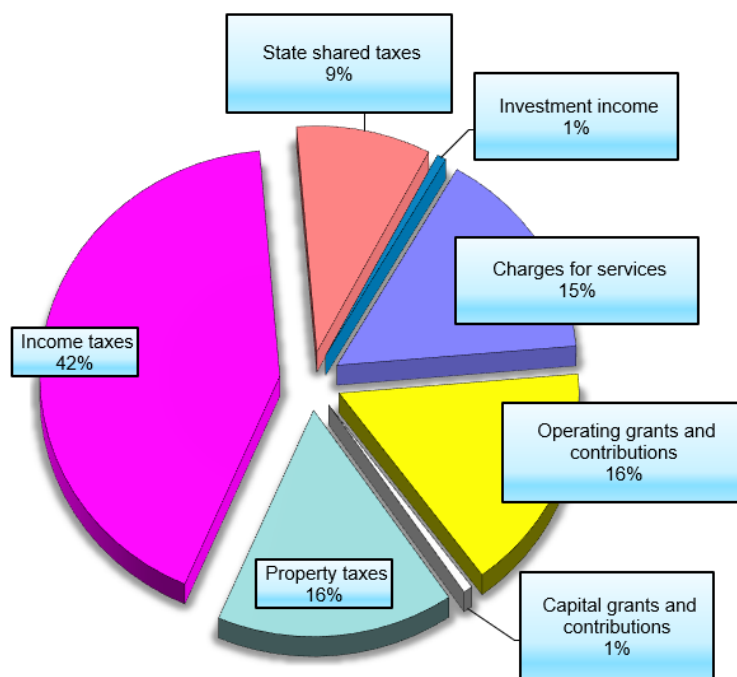
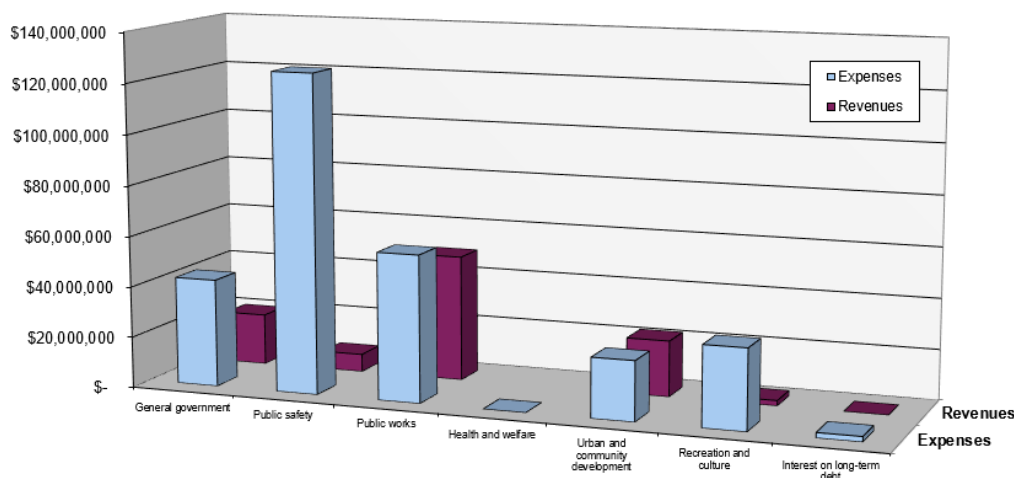
Governmental activities: Governmental activities increased the City's net position by \$31,797,720. Key elements within this change are as follows:

- Tax revenues increased by \$12.3 million in FY 23 due primarily to \$9.5 million increase in income taxes and \$2.6 million increase in property taxes.
- Public safety expenses, primarily police and fire department personnel costs, remain the largest single category of City spending.
- Public safety expenses increased \$32.4 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 and increase in personnel costs driven by negotiated contracts accounted for the increase.
- General Government expenses increased \$6.7 million from the prior year, primarily due to increase in personnel costs driven by negotiated contracts.

Management's Discussion and Analysis (Continued)

- Recreation and Culture expenses increased \$2.8 million. Increase due in part to increase costs to operate library and park and recreation activities due to higher temporary labor contractual costs and inflationary impact on purchased goods and supplies as well as increase in capital improvements and upgrades.
- Unrestricted investment earnings in 2023 were up \$15.8 million from the prior year. Rate of returns increased throughout the year in reaction to the Federal Reserve raising key interest rates. The City's average purchase yield for investments held at June 30, 2023 increased 50% from average purchase yield for investments held at June 30, 2022. Governmental accounting standards require the City to adjust the portfolio to market values. Market value gains or losses are only realized when portfolio securities are sold.

Expenses and Program Revenues - Governmental Activities



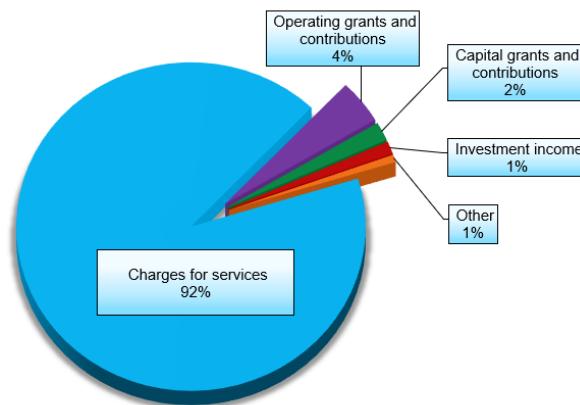
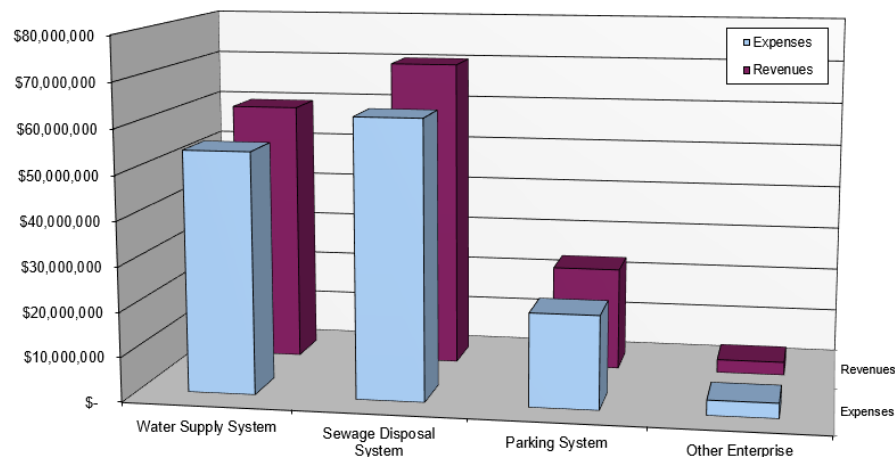
Revenues by Source - Governmental Activities

Management's Discussion and Analysis (Continued)

Business-type activities: Business-type activities increased the City's net position by \$19,238,674 in FY 23. The key elements of this increase are as follows:

- The Water System's had an increase in operating income before capital contributions of \$4.5 million during the year. This was primarily related to a 3.24% increase in consumption volume, driven in part by a historically dry spring, and an annual rate increase of 5.68%, along with increased fees, penalties, and reimbursements. Higher revenues were offset by an increase in operating expenses, primarily related to the increase in personnel costs driven by negotiated union contracts, and inflationary impacts on process chemicals and electricity.
- The Sewer System had an increase in operating income before capital contributions of \$7.9 million during the year. This was primarily related to a 0.88% increase in consumption volume and an annual rate increase of 1.07%, bolstered by the first full year of natural gas sales and the certification of renewable identification numbers (RINs) credits. Operating revenue growth was tempered by a decline in industrial surcharges and fees related to development. Operating expenses rose too, mainly related to the increase in personnel costs from the negotiated union contracts, as well as inflationary growth affecting process chemicals and natural gas costs.
- The Parking System had an increase in operating income before capital contributions of \$3.1 million during the year. This was primarily due to increase in off-street parking fees for daily, monthly and events and on-street rental of hooded meters due to lifting of pandemic restrictions and resumption of downtown activities.
- 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

Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

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

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. The change in total fund balance, less any non-spendable portion, indicates whether the City is accumulating or using resources that were available to support future activities.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$222,947,415. Of this total, all but \$66,765,634 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 appear in Note 18 on pages 98-99.

The General Fund is the primary operating fund of the City. At June 30, 2023, the fund had an unassigned fund balance of \$66,765,634. 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 40.1% and 65.0%, respectively, of total fiscal year 2023 General Fund expenditures, compared to the unassigned and total fund balance representing 45.2% and 65.1% of fund expenditures a year earlier. The fund's fund balance increased \$9,932,942 during fiscal year 2023. On the revenue side, income tax collection again outperformed expectations due to 10.9% increase in base revenue (compared with forecast of 6%; attributable to both wages and company profits). This increase and increase in compliance revenue offset by \$12.9 million decrease in COVID relief funding led to 1.1% increase in total revenue. On the expenditure side, overall expenditures increased 7.2%, largely attributable to increase in labor costs driven by negotiated union contracts and increase in support provided to other governmental and enterprise funds.

As originally adopted, the General Fund budget anticipated an increase in fund balance of \$25,727. There are two primary factors comprising the approximately \$9.9 million difference with FY 2023 actual. The first factor is the increase in actual excess of revenue over expenses from original budget for reasons discussed in the preceding paragraph. Secondly, the original budget anticipated appropriation lapses, an assumption developed in recognition that the entire amount of an approved expenditure is generally not fully spent, of \$4.9 million whereas none were recognized during fiscal year 2023.

The Major Street Fund saw an increase of \$4,241,336 in fund balance, which is \$3.4 million more than anticipated from original budget. This is mainly due to an increase in income taxes and state-shared taxes of \$4.4 million.

The Local Street Fund saw an increase of \$732,090 in fund balance which is \$438,091 more than anticipated from original budget. While expenditures and transfers out were \$1.12 million higher for payroll and capital projects from the original budget, revenues and transfers in increased by approximately \$1.67 million resulting in \$438,091 more in change in fund balance than anticipated from original budget.

The fund balance of the General Capital Construction Fund saw an increase in fund balance of \$7,759,063. This is due primarily to \$1.5 million increase in investment earnings and \$4.2 million increase in transfers in from general fund to support ongoing projects.

The City's non-major governmental funds saw an increase of \$11.4 million in fund balance. This increase is due primarily to \$6.4 million received from intergovernmental partners and other funds in advance of projects funded by grants with match requirements and vital streets and other streets capital projects.

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 \$99,105,117. The total net position for enterprise funds is \$612,488,534, the bulk of which are the assets used to provide services to customers. The major factors concerning the finances of the three major funds have already been addressed in the discussion of the City's business-type activities.

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

During the year the general operating fund (GOF) expenditures budget increased by \$13,723,728. The changes were:

- \$951,155 was appropriated from American Rescue Plan Act (ARPA) funding for the City's response to the coronavirus pandemic including initiatives to aid with economic recovery and relief. This amount was appropriated as follows:
 - Office of Special Events Staffing - \$55,275
 - Office of Special Events Equipment - \$80,000
 - Fire Academy for 11 Recruits - \$765,880
 - Second Ward Cure Violence Expansion - \$50,000
- Reductions of \$1,241,173 related to the transfer of adopted ARPA appropriation from the General Administration Department to other GOF departments (\$815,880) as well as to funds and departments outside of the GOF (\$425,293).
- \$3,124,107 was appropriated for personal services increases resulting from settlement of the FY2023-25 collective bargaining agreements.
- \$111,000 was appropriated from the State of Michigan Bureau of Elections for election security.
- \$4,843,593 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.
- \$100,000 was appropriated for City sponsorship of Art Prize 2023.
- \$16,000 was appropriated to have dedicated Johnson Center staff conduct multiple ongoing City of Grand Rapids service project evaluations for the ongoing Participatory Budgeting Pilot.
- \$113,858 in reserved funding was appropriated for transfer to the Grand Rapids Affordable Housing Fund for which the Grand Rapids Community Foundation serves as the fiduciary.
- \$15,000 was appropriated for additional risk assessment professional auditing services.
- \$90,000 was appropriated to fund an Interagency Services Agreement with Downtown Grand Rapids, Inc (DGRI) to provide additional resources in support of private security services to supplement other response activities downtown.
- \$1,200,188 to fund a portion of the citywide Facilities Strategic Master Plan.
- \$1,600,000 to accommodate for the overage in the Police Department's budget due to increased overtime driven by position vacancies as well as increases in detective unit callouts and attendance at community events.
- \$2,800,000 to accommodate for the overage in the Fire Department's budget due to increased overtime, contractual services, and maintenance services.

The adopted contingency budget was \$2,500,000 of which the following amounts were allocated:

- \$340,000 for the acquisition of property located at 960 Bristol Avenue on behalf of the Parks Department for future parks and recreation purposes.
- \$575,000 for the acquisition of property located at 4040 and 4044 Kalamazoo Avenue SE on behalf of the Fire Department for the development of a new fire station to enhance the level of service to the southeast portion of the City in the Third Ward.
- \$175,000 for the acquisition of property located at 850 Pannell Street NW on behalf of the Fire Department for the development of a modern fire training facility and related fire and non-emergency services functions.
- \$1,410,000 for the relocation of municipal operations and property located at 201 Market Avenue which houses Public Works, Parks & Recreation, Forestry, Fleet and Facilities Management, to a site located at 1500 Scribner Ave NW (former site of the Kent County Road Commission). Relocation of these City operations will help clear the way for development of an anticipated 12,000-person capacity Amphitheater by the Grand Rapids-Kent County Convention/Arena Authority (CAA).

Management's Discussion and Analysis (Continued)

Actual departmental and other expenditures and transfers-out in the General Fund were \$10.6 million under amended appropriations, which included a budgeted appropriation lapse of \$4,900,000. This was primarily due to lapses in personnel, contractual services, and transfers-out. Personnel lapse was most significant in larger departments such as Police and Fire. Personnel was also likely impacted by mid-year budget adjustments related to the new collective bargaining agreements (estimates vs. actual). Other non-personnel lapses were concentrated in a few departments including General Administration and Economic Development.

Budgetary basis revenues and transfers in for the year ended June 30, 2023 were \$16,351,462 higher than the amended budget. There were several drivers of this increase including:

- Income Tax Revenue exceeded the amended budget by approximately \$19.6 million or 21.7% due to base revenue growth outperforming assumptions in both FY2022 and FY2023 (the City's forecasting methodology utilizes prior year actual results or most recent estimate as the current year starting point). In addition to base income tax revenue growth, FY2023 compliance revenue exceeded the forecast by approximately \$3.4 million or 40.4% (generated by addressing a backlog of income tax compliance work).
- ARPA grant revenue totaling \$926,021 was lower than the amended budget by approximately \$4.7 million or -83.6%. The adopted budget included \$9.185 million of which \$5.2 million was appropriated for specific investments and an additional \$3.985 million was estimated for GOF revenue replacement. Budget amendments reduced the adopted budget amount by approximately \$3.5 million as transfers to non-GOF funds were approved including the 61st District Court, Parks & Recreation, and Community Development (Other Grants Fund).
- State revenue sharing exceeded the amended budget by approximately \$2.2 million or 10% due to favorable revisions to the State's Constitutional revenue forecast not captured in the amended budget.
- Other revenues exceeded or were below the amended budget by a net amount of approximately \$600,000 below budget.

The City has received funding totaling \$92,279,500 under the American Rescue Plan Act (ARPA) grant to support current operations as well as provide support in key focus areas. The State and Local Fiscal Recovery Funds compliance report through June 30, 2023, reflected obligations and expenditures of approximately \$25.9 million and \$25.5 million, respectively. A summary of the City's ARPA Funding and Investments is contained in the Fiscal Plan and periodic updates are provided throughout the year. This allocation of funding must be fully obligated by December 31, 2024, and fully expended by December 31, 2026. It is important to note that most outside funding, including ARPA, is one-time funding, which cannot sustain services for a prolonged period of time. While it does allow us to catalyze a new program or address a significant need in the short term, it is important to emphasize that services provided with these one-time funds are not sustainable long-term without alternative funding plans.

In April 2022, Guidehouse, Inc. ("Guidehouse") was retained by the City to provide financial consulting services regarding Federal and State grants related to Covid-19 projects, as well as help evaluating other grant or charitable opportunities which would optimize funding opportunities for the City, including but not limited to the American Rescue Plan Act, FEMA, and the Infrastructure Investment and Jobs Act. Guidehouse is providing services to the City as required for the financial administration (including a citywide project information gathering and approval process), oversight, and reporting of Federal and State grant monies as related to ARPA. As the City already has, and continues to, develop plans to expend ARPA funds, Guidehouse will conduct project risk assessments to identify potential eligibility concerns. As the City Commission approves resolutions for ARPA funds, Guidehouse will help design projects and internal controls to maintain compliance, develop project budgets, and assist with the day-to-day operations as needed. Additionally, they will support the City in preparing project reports to use for project adjustments, ARPA reporting requirements, and transparent communications with the public. Beyond assistance needed with ARPA administration and compliance, Guidehouse will help the City develop competencies for centralization of grant management and position the City to act proactively in finding funding opportunities.

Base Income Tax revenue was forecast to increase by 6% in FY2023 (vs. FY2022 Actual) with compliance receipts totaling approximately \$8.3 million in the GOF. Compliance work attempts to identify and collect the backlog of owed prior year income tax payments from resident and nonresident individuals. FY2023 base revenue actually grew at 10.9% (vs. FY2022 Actual) with compliance receipts of approximately \$11.7 million for an overall increase

Management's Discussion and Analysis (Continued)

of \$7.9 million or 7.8% in the GOF compared to FY2022 results. The budget was based upon an 8% revenue increase in FY2022 (actual FY2022 increase was nearly 21%) followed by a 4% increase in FY2023. The budget was not amended to reflect the more positive, revised forecast. Income tax revenue exceeded even the revised forecast in FY2023 for the following reasons:

- Refunds totaling approximately \$4.2 million were disallowed for failure to provide required documentation (approximately 50% of these refunds are anticipated to ultimately be refunded).
- Returns were down by 18,000 over the same period of the previous fiscal year.
- Strong growth in wages and other taxable income driven by inflation and other economic conditions.
- Withholding was up 8.5%.
- Assessment collection was up 31%

The income tax forecast includes assumptions related to non-resident withholding and potential refunds attributable to non-resident allocation of income out of the City (and therefore, non-taxable by the City of Grand Rapids) as employees continue working from home. Adjusted citywide refunds totaled approximately \$13.5 million and \$13.8 million in FY2022 and FY2023, respectively. Non-resident payments were down by \$1.3 million over last year and non-resident refunds were up by \$3 million. Overall, withholding was up approximately 8.5% and assessment totals were up approximately 31%. Among other considerations, forecasts incorporate assumptions regarding the timing, depth and duration of potential economic downturns which could result in loss of income tax revenue due to higher unemployment (thereby shifting taxable wages to non-taxable unemployment compensation) as well as the potential for lower corporate profits.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2024 (FY 2024) 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 the 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 growth.

FY 2024 is the eighteenth year that five-year operating budgets have been prepared. Our focus is to maintain continuity of services, invest in existing and transformational capital assets, and sustain funding for core public safety services and a capable City workforce. The GOF budget achieves these objectives while growing by approximately 8.8% in the face of continued inflationary pressures and the choice to invest in our workforce with very competitive union contracts. The prudent financial policies implemented after the 2008 recession positioned the City well for the current economic climate to absorb an array of challenges including supply chain issues, cost variability and higher borrowing costs. While most of the other funds' revenues have returned and are healthy, the General Operating Fund remains a concern in our fiscal outlook. The City must continue transformative change to help correct the running deficits in the General Fund estimated to extend across the five-year period. Absent ARPA revenue replacement, expenditures are projected to exceed revenues so without cost savings or revenue growth exceeding current expectations, this structure is unsustainable.

The City was fortunate to receive federal relief during the pandemic to sustain services but income tax still lags the City's operating costs. We chose not to take any cost-reduction measures this year as we believe our income tax revenue estimate is conservative and hope to outperform our estimates. Should income tax not outperform our estimates, next year as we get closer to fully expending our ARPA funding, we will consider corrective action to resolve the structural deficits in the out years. There are some areas of the budget beyond our local control that would best be addressed legislatively. We are currently subsidizing the GOF contribution to the 61st District Court with ARPA funds. The GOF will contribute \$6.2 million in FY2024 (in addition to ARPA funding) but by FY2028

Management's Discussion and Analysis (Continued)

when ARPA has expired, the total GOF contribution will rise to \$10.8M. Fixing just this problem at the state level would correct over half of the annual deficit projected in the out years of the budget forecast.

Should another economic recession impact the City, there will need to be a re-prioritization of services outside of the programs the City is legally mandated to support. Even with strong reserves and the infusion of ARPA funds, continued innovation and strong economic growth is needed to secure a strong financial future - especially in the (post-ARPA) out years of the five-year fiscal plan. The ARPA grant award allows the City to continue to maintain essential services as well as assist in spurring local economic recovery and growth. The City will continue to explore innovation projects that can bring down the cost of delivering services and improve efficiencies. An example is investment in a new Enterprise Resource Planning (ERP) system which will increase productivity, standardize processes, reduce operating costs, centralize data, and integrate knowledge. Implementation began in the second quarter of 2023 with go-live dates in the second and third quarter of 2024.

Among the many uncertainties impacting the income tax growth rate is whether (or to what extent) the pandemic has spurred permanent change in the way companies do business. It has yet to be fully determined how many nonresident workers will return to full-time, in-office work. The City will continue to monitor this aspect of the income tax base and will adjust growth expectations accordingly as we learn more. In addition, the City continues to advocate for legislative change with respect to income tax revenue.

When trying to forecast local economic conditions and revenues, expectations typically would be based on the experience of past economic cycles. The unique cause and characteristics of the current economic climate have made the past a less reliable guide. In addition to the aftereffects of the pandemic, the City continues to face the further challenges of inflation, increased borrowing costs due to higher interest rates, supply chain disruption and labor shortages in vendors and contractors that provide services to the City. The City and local employers are challenged to attract, hire and retain staff. Return-to-work practices continue to evolve in the business community, and this creates uncertainty with respect to income taxes. In addition to our local challenges, national and international challenges loom larger than they have in decades, with continuing uncertainty about the future trajectory and impacts of the pandemic, inflation, supply chain disruptions, ongoing devastating and economically disruptive conflict in Ukraine and the Middle East, and urgent need for international cooperation to address critical global issues like climate change.

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

Following multiple years of continuation budgets, this fiscal plan maintains service levels and provides some enhancements in key areas. Departments did try to mitigate cost increases where possible, but to offset the impact of inflation completely would have resulted in a reduction in services. Therefore, while the City-wide appropriation has increased by \$46 million over FY2023, approximately 45% of this increase is simply the escalated cost of providing the same level of service, while the other 55% represents increased in capital investment and service levels. The capital plan for the City is much more robust this year than it has been in years past. The Capital Reserve Fund reflects plans to issue new debt in FY2024 to accommodate Lyon Square, the build out of Scribner, facilities projects, and the Knapp Corner drainage project. The capital plan also includes a robust investment of ARPA money to leverage the Downtown Grand Rapids, Inc. (DGRI) Greenway grant, the building of Martin Luther King Park Lodge and investments in Roosevelt Park Lodge. In Michigan's FY2024 budget, lawmakers approved \$6 million in grant funds that will help fund the Martin Luther King Park Lodge project. The State's funding is not included in the City's FY2024 Adopted Budget but will be appropriated through the budget amendment process once it becomes available. Financially, the City is well positioned to handle this capital plan while maintaining the current AA bond rating. The remaining ARPA money has been allocated for a variety of projects that will have lasting impacts on our community for many years to come.

Management's Discussion and Analysis (Continued)

While putting together the capital plan for the FY2024 budget, it became evident that asset management for fire and public safety needed to be addressed. This fiscal plan proposes using current authorized revenue sources for land acquisition necessary for Fire Department service enhancements. Subsequently, additional revenues will be needed for future building construction, equipment acquisition and staffing costs associated with the potential construction of three new fire facilities. A voter approved fire safety millage would meet this need. In Michigan's FY2024 budget, lawmakers approved \$35 million in grant funds that will fully fund construction of the two new Grand Rapids fire stations and partially fund the construction of a fire training and operations center. This funding is not included in the City's FY2024 Adopted Budget but will be appropriated through the budget amendment process once it becomes available.

The FY2024 Fiscal Plan proposes a property tax millage rate increase from 8.8331 to 9.0325 (approximately 2% increase) for an enhanced "Clean Community" program that includes expanded cleaning of downtown and neighborhood business corridors and an added community clean-up day in each neighborhood. In FY 2023, collective bargaining agreements were reached between the City and its labor unions for the contract period of July 1, 2022, through June 30, 2025. Wage and benefit adjustments were approved as part of the new agreements for this same time period. Amendments to the FY2023 budget ordinance accounted for differences between the amounts included in the FY2023 adopted budget and the terms of the bargaining agreements. Labor costs combined with inflation, supply chain issues, and rising interest rates means that the cost to maintain current services will be notably higher than last year. Departments were directed to take anticipated contractual, labor and material cost increases into account in formulating their FY2024 budget requests. The budget accommodates 7 staffing additions made by budget amendment during FY2023 as well as 17 staffing additions in FY2024 (Community Development – 1; Public Services - 12 Parking/Mobile GR –2; Planning – 1; and Fiscal Services – 1) to achieve strategic plan outcomes for a total of 1,691 authorized positions. This is approximately 270 fewer positions than 2002 staffing levels at a time when the City continues to see steady population growth and demand for services.

The City continues to leverage its American Rescue Plan Act (ARPA) funds to support current operations as well as provide support in key focus areas. The FY 2024 adopted budget fully allocates the remaining unassigned funds. It is anticipated that the City will leverage a portion of ARPA relief money to replace revenue shortfalls in FY 2024, 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 continue using these funds to support existing service levels in FY 2024. Significant planned investments in FY 2024 include the Homeless Outreach Team (HOT), affordable housing/vulnerable populations, parks, trails & neighborhood investments, the Enterprise Resource Planning (ERP) System, special events support, and PFAS remediation at the Water Resource Recovery Facility (WRRF).

Many of the ARPA-supported Park's projects are also being co-funded by the Downtown Grand Rapids, Inc. (DGRI) \$55 million Greenway grant so this is a prime example of how the City is leveraging other external funding sources to bring critical projects to fruition in the window where external funds are available. Further, in Michigan's FY2024 budget, lawmakers approved \$6 million in grant funds that will help fund the MLK Park Community Lodge Redevelopment project, in addition to City ARPA funding and \$3 million of City funding through dedicated Parks Millage funds and City capital funds. This state funding is not included in the City's FY 2024 Adopted Budget but will be appropriated through the budget amendment process once it becomes available.

The pandemic 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. In addition, the 61st District Court experienced a considerable revenue decline due to restrictions in services during the pandemic exacerbating existing declines from the decriminalization of certain offenses and other legislative changes. This relief funding has provided leadership with time to consider longer-term cost saving measures or revenue enhancements that will start to correct long-term structural challenges.

Management's Discussion and Analysis (Continued)

Income taxes fund the General Operating Fund, Capital Reserve Fund, Sidewalk Repair Fund, and the Vital Streets Fund. The adopted budget for FY 2024 forecasts no increase (flat) in base local income tax collections above the FY 2023 estimated revenue (approximately 4.4% below actual FY 2023 results). Given the City's record of outperforming the state and nation during recessions and because consumer spending remains high while unemployment is low locally, the forecast for growth in income tax receipts is as follows: 0% in FY2024, 2% in FY2025, and 3% annually in FY2026-28. While this forecast may appear optimistic in a time of economic uncertainty, the City still has a backlog of compliance work which will extend into the next year or two to help cushion revenue losses should they occur. Staff will closely monitor FY 2024 income tax receipts and propose adjustments to the revenue forecast if appropriate. FY2023 General Fund property tax revenue increased approximately 4.9% over FY2022 actual results. FY2024 and beyond is forecast to grow at a more conservative 2-3% annually. However, because property values increased by less than the rate of inflation this year, there is no Headlee "roll back" planned for FY2024.

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 \$7.66 million in FY 2024, 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 in FY2024-25 (excluding additional ARPA funding), increasing to almost 80% by FY2028 (absent a state legislative solution) as well as continuing to provide any required local grant match dollars required by the District Court in its Grants Fund.

The Fiscal Plan recommends capital investments of \$112.6 million in FY2024 and \$485.2 million across all five years (FY2024-28). These investments are made possible through a variety of funding sources including the General Operating Fund, bonds, federal and state allocations, leveraged funds, millages, and grants. The City's capital plans have been prepared within the context of five years for many years and include sustainable asset management strategies across all business units. The City has intentionally chosen to make investments via an asset management strategy to maintain essential capital systems that require long-term investments, often 20-year projections. These investments account for a large majority of the total capital budget. The physical location of these assets and the timing of investments required to maintain them drive the majority of our capital investment and impact balance and distribution. In the Strategic Plan, the City committed to evaluating all capital projects based on strategic priorities, balance and distribution across the Wards. 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 prior capital set-aside of 4.25% was insufficient to maintain all City asset classes over the long-term horizon. As a result, the FY 2024 Fiscal Plan includes an annual 0.25% increase beginning in FY 2024 until the 5.00% target is reached by FY 2026. The capital set-aside is calculated only on the portion of income tax revenue that is not committed to the Vital Streets program in accordance with the income tax extension request approved by voters in FY 2015.

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

Management's Discussion and Analysis (Continued)

In spite of the economic and social challenges currently facing the City, the City remains resilient and positioned for success in FY 2024 and beyond with the ability to make progress on the strategic initiatives put forward in the fiscal plan. While financial structural deficits - particularly in the general fund - are on the horizon once relief funding expires, investments we make in continuous improvement, cost efficiencies, and spurring the local economy will help to mitigate those conditions in future years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller Department, 300 Monroe NW, Grand Rapids, MI 49503. Contact telephone number: (616) 456-3189.



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June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Equity in pooled cash and investments (Note 2)	\$ 387,326,022	\$ 118,457,211	\$ 505,783,233	\$ 29,289,158
Receivables:				
Receivables - Net	20,971,791	24,981,762	45,953,553	125,890
Accrued interest receivable	-	-	-	5,023
Leases receivable	-	300,778	300,778	-
Due from other governments	12,471,925	1,717,282	14,189,207	80,482
Internal balances	(13,098,412)	13,098,412	-	-
Inventory	3,043,480	3,885,327	6,928,807	-
Prepaid expenses and other assets	370,972	133,713	504,685	36,260
Restricted assets (Note 4)	5,799,831	35,475,188	41,275,019	-
Investment in joint ventures (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 10)	1,116,424	-	1,116,424	-
Capital assets: (Note 5)				
Assets not subject to depreciation	79,770,818	38,083,816	117,854,634	11,388,186
Assets subject to depreciation - Net	250,141,130	885,163,226	1,135,304,356	9,110,749
Other assets	-	215,071	215,071	-
Lease receivable (Note 15)	138,740	3,752,598	3,891,338	-
Total assets	748,052,721	1,127,737,284	1,875,790,005	50,035,748
Deferred Outflows of Resources				
Deferred charges on bond refunding	1,760,688	6,768,341	8,529,029	-
Deferred outflows related to pensions (Notes 7 and 8)	91,420,828	7,188,796	98,609,624	3,017,959
Deferred outflows related to OPEB (Notes 10 and 11)	11,007,317	776,173	11,783,490	798,401
Total deferred outflows of resources	104,188,833	14,733,310	118,922,143	3,816,360
Liabilities				
Vouchers and accounts payable	39,650,351	7,578,259	47,228,610	2,245,763
Due to other governmental units	193,374	-	193,374	-
Accrued liabilities and other	514,660	8,033,332	8,547,992	4,043
Due to participants	-	-	-	1,032,899
Unearned revenue	73,825,645	295,038	74,120,683	59,938
Customer deposits	2,270,387	-	2,270,387	-
Noncurrent liabilities:				
Due within one year:				
Payable from restricted assets:				
Interest payable from restricted assets	-	380,677	380,677	-
Principal payable from restricted assets (Note 6)	-	18,705,000	18,705,000	-
Current portion of compensated absences	6,818,012	1,232,218	8,050,230	416,546
Current portion of claims payable	5,774,133	-	5,774,133	-
Current portion of bonds, contracts, and leases payable (Note 6)	8,703,332	2,587,122	11,290,454	223,779
Due in more than one year:				
Compensated absences	9,659,867	1,745,825	11,405,692	315,322
Provision for claims	256,618	-	256,618	-
Net pension liability (Notes 7 and 8)	299,241,145	35,800,932	335,042,077	12,893,802
Net OPEB liability (Notes 10 and 11)	10,991,874	2,381,992	13,373,866	1,313,898
Bonds, contracts, notes, and leases payable (Note 6)	55,418,010	430,295,030	485,713,040	1,302,844
Total liabilities	513,317,408	509,035,425	1,022,352,833	19,808,834

See notes to financial statements.

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Statement of Net Position (Continued)

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Deferred inflows related to OPEB (Notes 10 and 11)	\$ 46,583,009	\$ 3,839,875	\$ 50,422,884	\$ 2,075,207
Deferred inflows related to leases	132,304	4,008,348	4,140,652	-
Total deferred inflows of resources	46,715,313	7,848,223	54,563,536	2,075,207
Net Position				
Net investment in capital assets	267,551,294	479,521,033	747,072,327	20,307,312
Restricted:				
Public works	25,786,065	-	25,786,065	-
Debt service	-	34,186,978	34,186,978	-
Public safety	1,810,578	-	1,810,578	-
Culture and recreation	567,727	-	567,727	-
Urban and community development	4,214,813	-	4,214,813	-
Grants	1,328,906	-	1,328,906	-
Opioid settlement	4,095,568	-	4,095,568	-
Net OPEB asset	1,116,424	-	1,116,424	-
Nonexpendable - Perpetual care	3,158,418	-	3,158,418	-
Nonexpendable - Culture and recreation	14,270	-	14,270	-
Unrestricted	(17,435,230)	111,878,935	94,443,705	11,660,755
Total net position	<u>\$ 292,208,833</u>	<u>\$ 625,586,946</u>	<u>\$ 917,795,779</u>	<u>\$ 31,968,067</u>

City of Grand Rapids

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 44,296,211	\$ 17,560,448	\$ 2,638,541	\$ -
Public safety	122,775,160	2,206,905	4,795,415	-
Public works	63,939,716	16,640,731	30,964,589	1,980,334
Urban and community development	23,498,676	10,901,994	11,139,399	-
Recreation and culture	26,201,737	785,995	1,299,035	-
Interest on long-term debt	2,046,625	-	-	-
Total governmental activities	282,758,125	48,096,073	50,836,979	1,980,334
Business-type activities:				
Water Supply System	54,207,809	54,846,203	2,594,470	2,030,536
Sewer Disposal System	62,304,794	68,788,313	471,779	894,325
Parking System	20,854,865	19,480,204	3,828,651	-
Other Enterprise	3,371,820	2,978,799	-	-
Total business-type activities	140,739,288	146,093,519	6,894,900	2,924,861
Total primary government	\$ 423,497,413	\$ 194,189,592	\$ 57,731,879	\$ 4,905,195
Component units:				
Downtown Development Authority	\$ 12,321,415	\$ 1,408,456	\$ -	\$ -
Tax Increment Financing Authority	256,553	-	144,286	-
SmartZone Local Development Financing Authority	2,235,036	-	439,442	-
Brownfield Redevelopment Authority	14,232,457	260,884	444,315	-
Corridor Improvement Authority	1,017,767	8,869	22,228	-
61st District Court	13,471,664	3,241,421	11,699,851	-
Total component units	\$ 43,534,892	\$ 4,919,630	\$ 12,750,122	\$ -
General revenue:				
Taxes:				
Property taxes				
Income taxes				
Unrestricted state-shared revenue				
Unrestricted investment gain				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (24,097,222)	\$ -	\$ (24,097,222)	\$ -
(115,772,840)	-	(115,772,840)	-
(14,354,062)	-	(14,354,062)	-
(1,457,283)	-	(1,457,283)	-
(24,116,707)	-	(24,116,707)	-
(2,046,625)	-	(2,046,625)	-
(181,844,739)	-	(181,844,739)	-
-	5,263,400	5,263,400	-
-	7,849,623	7,849,623	-
-	2,453,990	2,453,990	-
-	(393,021)	(393,021)	-
-	15,173,992	15,173,992	-
(181,844,739)	15,173,992	(166,670,747)	-
-	-	-	(10,912,959)
-	-	-	(112,267)
-	-	-	(1,795,594)
-	-	-	(13,527,258)
-	-	-	(986,670)
-	-	-	1,469,608
-	-	-	(25,865,140)
50,293,292	-	50,293,292	25,384,034
132,473,827	-	132,473,827	-
28,470,105	-	28,470,105	-
1,938,943	2,000,298	3,939,241	821,956
21,662	-	21,662	-
1,330,882	1,178,132	2,509,014	26
214,528,711	3,178,430	217,707,141	26,206,016
(886,252)	886,252	-	-
31,797,720	19,238,674	51,036,394	340,876
260,411,113	606,348,272	866,759,385	31,627,191
\$ 292,208,833	\$ 625,586,946	\$ 917,795,779	\$ 31,968,067

City of Grand Rapids

	General Fund	Major Streets	Local Streets	General Capital Construction
Assets				
Equity in pooled cash and investments (Note 2)	\$ 185,753,377	\$ 16,217,965	\$ 3,515,940	\$ 38,105,867
Receivables:				
Receivables - Net	12,852,284	1,913,832	13,449	659,868
Due from other governments	3,925,264	4,537,723	1,011,287	501,473
Inventory	825,910	1,031,760	-	-
Prepaid expenses and other assets	972	-	-	-
Lease receivable	-	82,252	-	-
Total assets	\$ 203,357,807	\$ 23,783,532	\$ 4,540,676	\$ 39,267,208
Liabilities				
Vouchers and accounts payable	\$ 26,248,468	\$ 1,951,138	\$ 510,943	\$ 1,782,939
Due to other governmental units	132,784	-	-	-
Unearned revenue	66,821,901	-	-	-
Customer deposits	319,924	-	-	685,891
Total liabilities	93,523,077	1,951,138	510,943	2,468,830
Deferred Inflows of Resources				
Unavailable revenue - Special assessments	-	-	-	56,895
Unavailable revenue	1,547,048	104,908	-	-
Deferred inflows related to leases	-	76,062	-	-
Total deferred inflows of resources	1,547,048	180,970	-	56,895
Total liabilities and deferred inflows of resources	95,070,125	2,132,108	510,943	2,525,725
Fund Balances				
Nonspendable:				
Inventory	825,910	1,031,760	-	-
Prepays	972	-	-	-
Nonexpendable/Endowment	-	-	-	-
Restricted: (Note 18)				
Grants	-	-	-	-
Authorized projects	-	-	-	4,394,186
Opioid settlement	-	-	-	-
Public safety	-	-	-	-
Urban and community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	20,619,664	4,029,733	-
Committed: (Note 18)				
Authorized projects	7,120,492	-	-	32,347,297
Other purposes	17,798,835	-	-	-
Assigned: (Note 18)				
Ensuing budget year	-	-	-	-
Culture and recreation	-	-	-	-
Urban and community development	-	-	-	-
Public works	-	-	-	-
Authorized projects	2,344,412	-	-	-
Compensated absences	12,498,567	-	-	-
Other purposes	932,860	-	-	-
Unassigned	66,765,634	-	-	-
Total fund balances	108,287,682	21,651,424	4,029,733	36,741,483
Total liabilities, deferred inflows of resources, and fund balances	\$ 203,357,807	\$ 23,783,532	\$ 4,540,676	\$ 39,267,208

Governmental Funds Balance Sheet

June 30, 2023

Nonmajor Governmental Funds	Total Governmental Funds
\$ 64,553,885	\$ 308,147,034
4,880,545	20,319,978
2,496,178	12,471,925
17,152	1,874,822
-	972
56,488	138,740
\$ 72,004,248	\$ 342,953,471
\$ 6,290,748	\$ 36,784,236
-	132,784
6,928,493	73,750,394
1,264,572	2,270,387
14,483,813	112,937,801
4,561,922	4,618,817
665,178	2,317,134
56,242	132,304
5,283,342	7,068,255
19,767,155	120,006,056
17,152	1,874,822
-	972
3,172,688	3,172,688
238,048	238,048
-	4,394,186
909,504	909,504
1,810,578	1,810,578
4,214,813	4,214,813
567,727	567,727
-	24,649,397
11,444,144	50,911,933
1,644,388	19,443,223
19,432	19,432
9,648,104	9,648,104
7,049,588	7,049,588
7,843,046	7,843,046
-	2,344,412
2,007,706	14,506,273
1,650,175	2,583,035
-	66,765,634
52,237,093	222,947,415
\$ 72,004,248	\$ 342,953,471

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Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 222,947,415
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	961,796,055
Accumulated depreciation	<u>(655,584,164)</u>
Net capital assets used in governmental activities	306,211,891
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	6,935,951
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	99,221,633
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	(45,037,468)
Bonds, contracts, leases, and SBITAs payable and related premiums are not due and payable in the current period and are not reported in the funds	(63,101,965)
Accrued interest is not due and payable in the current period and is not reported in the funds	(514,595)
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	(15,274,812)
Net pension liability	(284,828,224)
Net OPEB liability	(8,916,705)
Deferred charges related to bond refunding are not due and payable in the current period and are not reported in the funds	1,760,508
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>72,805,204</u>
Net Position of Governmental Activities	<u><u>\$ 292,208,833</u></u>

City of Grand Rapids

	General Fund	Major Streets	Local Streets	General Capital Construction
Revenue				
Taxes:				
Property taxes	\$ 16,411,584	\$ -	\$ -	\$ 6,697,454
Income taxes	109,926,590	14,841,693	-	4,878,997
Intergovernmental:				
Federal grants	926,023	539,705	-	4,199
State sources:				
State-shared taxes	24,380,460	22,887,523	5,959,287	3,008,834
State grants	1,102,273	-	-	189,896
Other grants and contributions	2,795,665	25,000	-	2,348,520
Charges for services	13,403,104	3,314,888	807,519	19,305
Fines and forfeitures	2,005,843	-	-	-
Licenses and permits	3,323,551	-	-	-
Investment (losses) earnings:				
Unrealized loss on investments	(5,155,178)	(530,497)	(55,245)	(689,968)
Interest income	5,496,798	485,740	38,263	803,884
Other revenue:				
Miscellaneous	106,101	211,233	14,272	42,895
Property sales	-	-	-	-
Total revenue	174,722,814	41,775,285	6,764,096	17,304,016
Expenditures				
Current services:				
General government	36,647,786	-	-	144,667
Public safety	104,403,746	-	-	1,190,676
Public works	4,901,998	14,695,476	4,664,857	-
Urban and community development	6,297,715	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	6,293,640	3,937,363	8,790,587
Debt service:				
Principal	888,053	2,417,236	11,611	1,808,095
Interest and fiscal charges	6,615	532,296	-	1,208,443
Total expenditures	153,145,913	23,938,648	8,613,831	13,142,468
Excess of Revenue Over (Under) Expenditures	21,576,901	17,836,637	(1,849,735)	4,161,548
Other Financing Sources (Uses)				
Transfers in (Note 12)	1,608,794	562,135	2,744,200	4,185,188
Transfers out (Note 12)	(13,384,173)	(14,384,035)	(196,247)	(587,673)
SBITAs entered into	131,420	226,599	33,872	-
Sale of capital assets	-	-	-	-
Total other financing (uses) sources	(11,643,959)	(13,595,301)	2,581,825	3,597,515
Net Change in Fund Balances	9,932,942	4,241,336	732,090	7,759,063
Fund Balances - Beginning of year	98,354,740	17,410,088	3,297,643	28,982,420
Fund Balances - End of year	\$ 108,287,682	\$ 21,651,424	\$ 4,029,733	\$ 36,741,483

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

Nonmajor Governmental Funds	Total Governmental Funds
\$ 27,184,254	\$ 50,293,292
2,826,547	132,473,827
10,113,672	11,583,599
198,583	56,434,687
2,322,895	3,615,064
3,949,692	9,118,877
17,839,640	35,384,456
31,360	2,037,203
4,861,597	8,185,148
(1,643,542)	(8,074,430)
1,661,693	8,486,378
947,430	1,321,931
16,570	16,570
<u>70,310,391</u>	<u>310,876,602</u>
2,613,808	39,406,261
2,236,085	107,830,507
19,527,349	43,789,680
16,570,674	22,868,389
27,878,025	27,878,025
7,729,010	26,750,600
2,302,486	7,427,481
601,797	2,349,151
<u>79,459,234</u>	<u>278,300,094</u>
(9,148,843)	32,576,508
22,842,502	31,942,819
(2,304,499)	(30,856,627)
15,048	406,939
2,620	2,620
<u>20,555,671</u>	<u>1,495,751</u>
11,406,828	34,072,259
<u>40,830,265</u>	<u>188,875,156</u>
<u><u>\$ 52,237,093</u></u>	<u><u>\$ 222,947,415</u></u>

Governmental Funds

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

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 34,072,259
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	29,495,869
Depreciation expense	(21,452,814)
Net book value of assets disposed of	249,545
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	3,007,176
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	5,281,691
Changes in deferred amounts on refunding of bonds are not reported in governmental funds	(347,418)
Changes in accrued interest expense is not reported in governmental funds	61,549
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	(20,126,213)
Internal service funds are included as part of governmental activities	1,556,076
Change in Net Position of Governmental Activities	<u><u>\$ 31,797,720</u></u>

Proprietary Funds Statement of Net Position

June 30, 2023

	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)	\$ 38,743,537	\$ 52,584,309	\$ 22,558,058	\$ 4,571,307	\$ 118,457,211	\$ 79,178,988
Receivables:						
Receivables - Net	10,511,844	13,768,714	444,860	256,344	24,981,762	651,813
Leases receivable	151,041	-	149,737	-	300,778	-
Due from other governments	1,717,282	-	-	-	1,717,282	-
Inventory	2,682,341	1,194,883	-	8,103	3,885,327	1,168,658
Prepaid expenses and other assets	-	-	133,713	-	133,713	370,000
Restricted assets (Note 4)	5,980,597	9,316,112	-	-	15,296,709	5,799,831
Total current assets	59,786,642	76,864,018	23,286,368	4,835,754	164,772,782	87,169,290
Noncurrent assets:						
Restricted assets (Note 4)	5,817,734	14,360,745	-	-	20,178,479	-
Investment in joint ventures (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Assets not subject to depreciation	17,436,310	12,766,352	7,875,899	5,255	38,083,816	2,703,951
Assets subject to depreciation - Net	383,330,632	462,283,191	36,752,273	2,797,130	885,163,226	20,996,106
Other assets	-	-	-	215,071	215,071	-
Lease receivable	1,613,044	-	2,139,554	-	3,752,598	-
Total noncurrent assets	408,197,720	491,883,188	46,767,726	3,017,456	949,866,090	23,700,057
Total assets	467,984,362	568,747,206	70,054,094	7,853,210	1,114,638,872	110,869,347
Deferred Outflows of Resources						
Deferred charges on bond refunding	2,641,408	3,192,488	934,445	-	6,768,341	180
Deferred outflows related to pensions (Notes 7 and 8)	3,075,634	2,903,344	1,072,024	137,794	7,188,796	2,894,103
Deferred outflows related to OPEB (Notes 10 and 11)	332,201	313,372	115,732	14,868	776,173	312,409
Total deferred outflows of resources	6,049,243	6,409,204	2,122,201	152,662	14,733,310	3,206,692
Liabilities						
Current liabilities:						
Vouchers and accounts payable	4,678,712	1,519,249	1,155,731	224,567	7,578,259	2,866,115
Due to other governmental units	-	-	-	-	-	60,590
Accrued interest payable	2,791,188	5,092,530	149,614	-	8,033,332	65
Unearned revenue	282,665	-	-	12,373	295,038	75,251
Current portion of compensated absences	581,724	458,780	164,619	27,095	1,232,218	497,790
Current portion of claims payable	-	-	-	-	-	5,774,133
Current portion of bonds, contracts, and leases payable (Note 6)	218,199	-	2,368,923	-	2,587,122	1,019,377
Total current liabilities	8,552,488	7,070,559	3,838,887	264,035	19,725,969	10,293,321
Noncurrent liabilities:						
Payable from restricted assets:						
Interest payable from restricted assets	207,758	172,919	-	-	380,677	-
Principal payable from restricted assets (Note 6)	4,770,000	13,935,000	-	-	18,705,000	-
Compensated absences	824,195	650,007	233,235	38,388	1,745,825	705,277
Provision for claims	-	-	-	-	-	256,618
Net pension liability (Notes 7 and 8)	15,316,968	14,458,944	5,338,788	686,232	35,800,932	14,412,921
Net OPEB liability (Notes 10 and 11)	1,019,490	961,706	355,168	45,628	2,381,992	958,745
Bonds, contracts, notes, and leases payable (Note 6)	138,990,065	270,496,653	20,808,312	-	430,295,030	-
Total noncurrent liabilities	161,128,476	300,675,229	26,735,503	770,248	489,309,456	16,333,561
Total liabilities	169,680,964	307,745,788	30,574,390	1,034,283	509,035,425	26,626,882

Proprietary Funds
Statement of Net Position (Continued)

June 30, 2023

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Deferred Inflows of Resources						
Deferred inflows related to OPEB (Notes 10 and 11)	\$ 1,643,462	\$ 1,550,312	\$ 572,547	\$ 73,554	\$ 3,839,875	\$ 1,545,541
Deferred inflows related to leases	1,793,517	-	2,214,831	-	4,008,348	-
Total deferred inflows of resources	3,436,979	1,550,312	2,787,378	73,554	7,848,223	1,545,541
Net Position						
Net investment in capital assets	260,270,062	194,063,204	22,385,382	2,802,385	479,521,033	22,680,860
Restricted - Debt service	10,633,761	23,228,623	-	-	33,862,384	-
Unrestricted	30,011,839	48,568,483	16,429,145	4,095,650	99,105,117	63,222,756
Total net position	<u>\$ 300,915,662</u>	<u>\$ 265,860,310</u>	<u>\$ 38,814,527</u>	<u>\$ 6,898,035</u>	612,488,534	<u>\$ 85,903,616</u>
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					13,098,412	
Total Net Position - Business-type Activities					<u><u>\$ 625,586,946</u></u>	

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue						
Sales	\$ 50,985,269	\$ 1,368,718	\$ -	\$ 613,120	\$ 52,967,107	\$ 16,066
Charges for services	3,700,813	66,404,610	19,463,143	2,365,679	91,934,245	68,538,153
Miscellaneous	160,121	1,014,985	17,061	-	1,192,167	1,674,188
Total operating revenue	54,846,203	68,788,313	19,480,204	2,978,799	146,093,519	70,228,407
Operating Expenses						
Utilities	3,911,291	2,988,778	369,508	297,268	7,566,845	3,141,057
Supplies and materials	10,335,571	2,152,083	3,545,098	372,778	16,405,530	6,020,690
Personal services	12,976,731	11,994,918	4,758,118	1,110,444	30,840,211	11,924,134
Contractual services	4,060,315	10,657,828	4,794,140	514,847	20,027,130	2,566,632
Other services and charges	6,189,518	6,258,089	3,365,069	799,637	16,612,313	39,808,392
Depreciation and amortization	11,186,530	19,152,880	3,487,135	285,448	34,111,993	5,104,999
Total operating expenses	48,659,956	53,204,576	20,319,068	3,380,422	125,564,022	68,565,904
Operating Income (Loss)	6,186,247	15,583,737	(838,864)	(401,623)	20,529,497	1,662,503
Nonoperating Revenue (Expense)						
Interest income	1,717,714	1,606,401	581,393	107,500	4,013,008	1,957,728
Unrealized loss on investments	(1,114,971)	(352,102)	(443,811)	(101,826)	(2,012,710)	(430,733)
Interest expense	(5,202,182)	(9,235,672)	(587,499)	-	(15,025,353)	(33,399)
(Loss) gain on sale of assets	(469,497)	-	-	-	(469,497)	38,449
Operating grants	2,594,470	471,779	3,828,651	-	6,894,900	-
Other nonoperating revenue (expense)	762,733	(126,452)	541,851	-	1,178,132	9,303
Total nonoperating (expense) revenue	(1,711,733)	(7,636,046)	3,920,585	5,674	(5,421,520)	1,541,348
Income (Loss) - Before capital contributions	4,474,514	7,947,691	3,081,721	(395,949)	15,107,977	3,203,851
Capital Contributions						
Capital grants	99,455	3,907	-	-	103,362	-
Other capital contributions	1,931,081	890,418	-	-	2,821,499	644,253
Total capital contributions	2,030,536	894,325	-	-	2,924,861	644,253
Transfers In (Note 12)	218,102	-	-	957,400	1,175,502	-
Transfers Out (Note 12)	(24,207)	-	(140,000)	(125,043)	(289,250)	(1,972,444)
Change in Net Position	6,698,945	8,842,016	2,941,721	436,408	18,919,090	1,875,660
Net Position - Beginning of year	294,216,717	257,018,294	35,872,806	6,461,627	593,569,444	84,027,956
Net Position - End of year	<u>\$ 300,915,662</u>	<u>\$ 265,860,310</u>	<u>\$ 38,814,527</u>	<u>\$ 6,898,035</u>	<u>\$ 612,488,534</u>	<u>\$ 85,903,616</u>
Net Change in Net Position - Total enterprise funds					\$ 18,919,090	
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					319,584	
Change in Net Position of Business-type Activities					<u>\$ 19,238,674</u>	

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers	\$ 51,758,682	\$ 69,137,334	\$ 19,122,732	\$ 2,828,571	\$ 142,847,319	\$ 68,991,715
Payments to suppliers	(22,778,298)	(21,489,760)	(12,545,912)	(1,990,328)	(58,804,298)	(47,112,771)
Payments to employees	(8,412,040)	(8,773,667)	(2,749,421)	(846,747)	(20,781,875)	(7,530,395)
Other operating receipts (payments)	762,733	(126,452)	541,851	-	1,178,132	(604,229)
Payments for payroll taxes and benefits	(4,427,095)	(4,113,845)	(1,639,083)	(254,933)	(10,434,956)	(7,113,756)
Net cash provided by (used in) operating activities	16,903,982	34,633,610	2,730,167	(263,437)	54,004,322	6,630,564
Cash Flows from Noncapital Financing Activities						
Operating grants and subsidies	2,693,925	475,686	3,828,651	-	6,998,262	-
Transfers from other funds	218,102	-	-	957,400	1,175,502	-
Transfers to other funds	(24,207)	-	(140,000)	(125,043)	(289,250)	(1,972,444)
Net cash provided by (used in) noncapital financing activities	2,887,820	475,686	3,688,651	832,357	7,884,514	(1,972,444)
Cash Flows from Capital and Related Financing Activities						
Proceeds from sale of capital assets	1,901,368	129,766	381,883	210,941	2,623,958	148,271
Purchase of capital assets	(27,588,047)	(11,434,979)	(2,238,228)	(365,006)	(41,626,260)	(4,332,081)
Principal and interest paid on capital debt	(10,828,116)	(24,221,486)	(2,867,269)	-	(37,916,871)	(1,041,774)
Lease receipts	270,300	-	177,987	86,027	534,314	733,601
Net cash used in capital and related financing activities	(36,244,495)	(35,526,699)	(4,545,627)	(68,038)	(76,384,859)	(4,491,983)
Cash Flows Provided by Investing Activities - Sale of investments	551,651	1,237,982	63,729	5,673	1,859,035	1,485,266
Net (Decrease) Increase in Equity in Pooled Cash and Investments	(15,901,042)	820,579	1,936,920	506,555	(12,636,988)	1,651,403
Equity in Pooled Cash and Investments - Beginning of year	66,118,316	75,245,179	20,621,138	4,064,752	166,049,385	83,327,416
Equity in Pooled Cash and Investments - End of year	<u>\$ 50,217,274</u>	<u>\$ 76,065,758</u>	<u>\$ 22,558,058</u>	<u>\$ 4,571,307</u>	<u>\$ 153,412,397</u>	<u>\$ 84,978,819</u>
Classification of Cash						
Cash and investments	\$ 38,743,537	\$ 52,584,309	\$ 22,558,058	\$ 4,571,307	\$ 118,457,211	\$ 79,178,988
Restricted cash	11,473,737	23,481,449	-	-	34,955,186	5,799,831
Total cash	<u>\$ 50,217,274</u>	<u>\$ 76,065,758</u>	<u>\$ 22,558,058</u>	<u>\$ 4,571,307</u>	<u>\$ 153,412,397</u>	<u>\$ 84,978,819</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Funds					Governmental Activities
	Water Supply System	Sewer Disposal System	Parking System	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities						
Operating income (loss)	\$ 6,186,247	\$ 15,583,737	\$ (838,864)	\$ (401,623)	\$ 20,529,497	\$ 1,662,503
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	11,186,530	19,152,880	3,487,135	285,448	34,111,993	5,104,999
Miscellaneous cash received (used)	762,733	(126,452)	541,851	-	1,178,132	-
Changes in assets and liabilities:						
Receivables	(3,079,505)	349,096	(358,023)	(150,228)	(3,238,660)	8,479
Inventories	(259,192)	(888)	-	102	(259,978)	14,649
Restricted assets	-	-	(2,619)	-	(2,619)	(370,000)
Accounts payable and other liabilities	1,941,374	(315,871)	(469,640)	(5,900)	1,149,963	(270,837)
Net pension or OPEB liability	7,236,042	6,755,628	2,700,642	324,276	17,016,588	6,971,202
Deferrals related to pension or OPEB	(7,142,640)	(6,787,830)	(2,384,297)	(320,000)	(16,634,767)	(6,625,723)
Compensated absences	72,393	23,310	53,982	4,488	154,173	135,292
Total adjustments	10,717,735	19,049,873	3,569,031	138,186	33,474,825	4,968,061
Net cash provided by (used in) operating activities	<u>\$ 16,903,982</u>	<u>\$ 34,633,610</u>	<u>\$ 2,730,167</u>	<u>\$ (263,437)</u>	<u>\$ 54,004,322</u>	<u>\$ 6,630,564</u>
Significant Noncash Transactions - Contributions of capital assets						
	\$ 1,931,081	\$ 890,418	\$ -	\$ -	\$ 2,821,499	\$ 644,253

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Assets		
Equity in pooled cash and investments (Note 2)	\$ 1,031,756	\$ -
Investments: (Note 2)		
Cash and money market funds	12,966,497	-
U.S. government securities	101,762,616	-
Other	111,742,362	-
State and municipal bonds	486,127	-
Corporate bonds and fixed-income commingled funds	175,534,790	-
Common stocks and equity mutual funds	468,112,718	-
Asset-backed securities	13,023,939	-
Real estate securities	42,285,189	-
Commodities	44,847,581	-
Collateral held by broker under securities lending - Short-term fixed income	65,461,391	-
Receivables:		
Receivables - Net	4,814,148	557,977
Accrued interest receivable	1,321,751	-
Total assets	1,043,390,865	557,977
Liabilities		
Vouchers and accounts payable	2,942,542	-
Due to other governmental units	-	557,977
Obligations under securities lending agreements	65,461,391	-
Total liabilities	68,403,933	557,977
Net Position - Restricted		
Pension	896,646,049	-
Postemployment benefits other than pension	78,340,883	-
Total net position	<u><u>\$ 974,986,932</u></u>	<u><u>\$ -</u></u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Tax Fund
Additions		
Investment income (loss):		
Interest and dividends	\$ 14,605,645	\$ -
Net decrease in fair value of investments	(46,704,554)	-
Investment costs	(2,008,941)	-
Net investment loss	(34,107,850)	-
Securities lending income - Interest and dividends	218,101	-
Contributions:		
Employer contributions	27,662,694	-
Employee contributions	8,337,394	-
Total contributions	36,000,088	-
Property tax collections for other governments	-	187,172,519
Total additions	2,110,339	187,172,519
Deductions		
Benefit payments	83,701,454	-
Administrative expenses	1,777,235	-
Property tax distributions to other governments	-	187,172,519
Total deductions	85,478,689	187,172,519
Net Decrease in Fiduciary Net Position	(83,368,350)	-
Net Position - Beginning of year	1,058,355,282	-
Net Position - End of year	\$ 974,986,932	\$ -

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority
Assets			
Equity in pooled cash and investments (Note 2)	\$ 9,206,391	\$ 2,764,364	\$ 1,570,709
Receivables:			
Receivables - Net	50,738	10,777	9,842
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Prepaid expenses and other assets	36,236	-	-
Capital assets: (Note 5)			
Assets not subject to depreciation	11,274,138	-	-
Assets subject to depreciation - Net	9,055,863	1,188	-
Total assets	29,623,366	2,776,329	1,580,551
Deferred Outflows of Resources			
Deferred outflows related to pensions (Notes 7 and 8)	-	-	-
Deferred outflows related to OPEB (Notes 10 and 11)	-	-	-
Total deferred outflows of resources	-	-	-
Liabilities			
Vouchers and accounts payable	488,084	637	51,833
Accrued interest payable	-	-	-
Due to participants	-	-	-
Unearned revenue	1,300	-	-
Noncurrent liabilities:			
Due within one year: (Note 6)			
Current portion of compensated absences	3,709	337	5,249
Current portion of bonds, contracts, and leases payable	92,829	950	-
Due in more than one year:			
Compensated absences	5,255	478	7,437
Net pension liability (Notes 7 and 8)	-	-	-
Net OPEB liability (Notes 10 and 11)	-	-	-
Bonds, contracts, notes, and leases payable (Note 6)	97,616	228	-
Total liabilities	688,793	2,630	64,519
Deferred Inflows of Resources - Deferred inflows related to OPEB (Notes 10 and 11)	-	-	-
Net Position (Deficit)			
Net investment in capital assets	20,139,556	10	-
Restricted for authorized projects	8,795,017	2,773,689	1,516,032
Unrestricted	-	-	-
Total net position (deficit)	<u>\$ 28,934,573</u>	<u>\$ 2,773,699</u>	<u>\$ 1,516,032</u>

Component Units
Statement of Net Position

June 30, 2023

Brownfield Redevelopment Authority	Corridor Improvement Authority	61st District Court	Total
\$ 9,746,167	\$ 1,881,214	\$ 4,120,313	\$ 29,289,158
45,868	840	7,825	125,890
-	-	5,023	5,023
-	-	80,482	80,482
-	-	24	36,260
-	-	114,048	11,388,186
-	-	53,698	9,110,749
9,792,035	1,882,054	4,381,413	50,035,748
-	-	3,017,959	3,017,959
-	-	798,401	798,401
-	-	3,816,360	3,816,360
1,445,615	107,751	151,843	2,245,763
4,043	-	-	4,043
807,504	-	225,395	1,032,899
-	-	58,638	59,938
20,692	-	386,559	416,546
130,000	-	-	223,779
29,316	-	272,836	315,322
-	-	12,893,802	12,893,802
-	-	1,313,898	1,313,898
1,205,000	-	-	1,302,844
3,642,170	107,751	15,302,971	19,808,834
-	-	2,075,207	2,075,207
-	-	167,746	20,307,312
6,149,865	1,774,303	-	21,008,906
-	-	(9,348,151)	(9,348,151)
\$ 6,149,865	\$ 1,774,303	\$ (9,180,405)	\$ 31,968,067

City of Grand Rapids

	Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Downtown Development Authority - Urban and community development	\$ 12,321,415	\$ 1,408,456	\$ -
Tax Increment Financing Authority - Urban and community development	256,553	-	144,286
SmartZone Local Development Financing Authority - Urban and community development	2,235,036	-	439,442
Brownfield Redevelopment Authority - Urban and community development	14,232,457	260,884	444,315
Corridor Improvement Authority - Urban and community development	1,017,767	8,869	22,228
61st District Court - Public safety	13,471,664	3,241,421	11,699,851
Total component units	\$ 43,534,892	\$ 4,919,630	\$ 12,750,122
General revenue (expense):			
Property taxes			
Unrestricted investment income (loss)			
Other miscellaneous income			
Total general revenue (expense)			
Change in Net Position			
Net Position (Deficit) - Beginning of year			
Net Position (Deficit) - End of year			

Component Units
Statement of Activities

Year Ended June 30, 2023

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
\$ (10,912,959)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,912,959)
-	(112,267)	-	-	-	-	(112,267)
-	-	(1,795,594)	-	-	-	(1,795,594)
-	-	-	(13,527,258)	-	-	(13,527,258)
-	-	-	-	(986,670)	-	(986,670)
-	-	-	-	-	1,469,608	1,469,608
(10,912,959)	(112,267)	(1,795,594)	(13,527,258)	(986,670)	1,469,608	(25,865,140)
7,693,976	445,269	1,266,727	14,547,335	1,430,727	-	25,384,034
527,352	4,366	99,426	105,212	101,563	(15,963)	821,956
-	26	-	-	-	-	26
8,221,328	449,661	1,366,153	14,652,547	1,532,290	(15,963)	26,206,016
(2,691,631)	337,394	(429,441)	1,125,289	545,620	1,453,645	340,876
31,626,204	2,436,305	1,945,473	5,024,576	1,228,683	(10,634,050)	31,627,191
\$ 28,934,573	\$ 2,773,699	\$ 1,516,032	\$ 6,149,865	\$ 1,774,303	\$ (9,180,405)	\$ 31,968,067

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As of and for the Year Ended June 30, 2023

Note 1 - Significant Accounting Policies

Reporting Entity

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

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

Blended Component Units

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

Fiduciary Component Units

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, 2023

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. Seven 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 supplementary 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, 2023

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, 2023 is as follows: total assets of \$147,542,850, total liabilities of \$68,663,478, deferred inflows of resources of \$14,213, total net position of \$78,865,159, revenue of \$8,591,800, and expenses of \$8,119,115.

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, 2022 is as follows: total assets of \$50,106,950, total liabilities of \$22,513,125, total net position of \$27,593,825, revenue of \$26,452,904, and expenses of \$13,791,325.

As of and for the Year Ended June 30, 2023

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 in April 2004. Summary financial information as of and for the year ended June 30, 2023 is as follows: total assets of \$23,695,599, total liabilities of \$12,052,074, total net position of \$11,643,528, revenue of \$11,128,955, and expenses of \$9,572,439.

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, 2023

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, federal grant reimbursements, and funds from the national opioid settlement will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

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, 2023

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.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- 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.

As of and for the Year Ended June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Due from Other Governmental Units

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

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

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.

Note 1 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and 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 statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, deferred resources due to time restrictions related to special assessments, certain grant receivables, and funds receivable from the national opioid settlement, deferred resources related to OPEB plans that are yet to be recognized in the actuarial calculations of the individual plans, and deferred inflows related to leases where the City is the lessor.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

As of and for the Year Ended June 30, 2023

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 their 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 and 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 18 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, 2023

Note 1 - Significant Accounting Policies (Continued)

At July 2022, the total assessed value of all real and personal property in the City subject to ad valorem taxation was \$6,147,630,347 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 by \$2,565,794,603 by this limitation, reducing city tax revenue by approximately \$22,663,920 for fiscal year 2023.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2023 was based on the following rates:

Purpose	Millage Rate	Revenue
General operating	3.7801	\$ 19,824,647
Promotional and advertising	0.0080 (\$50,000 maximum)	41,617
Refuse collection	1.6000	8,383,708
Library operating and capital	2.2558	12,012,483
Parks	1.1892	6,224,994

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 2023.

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 27 and 30. Amounts due for pension liabilities are liquidated by the governmental funds, mainly the General Fund, or proprietary funds from which the related employees' compensation is paid.

As of and for the Year Ended June 30, 2023

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 year ended 12 months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, for purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City has used the same basis as the reporting by the City's OPEB plans. The City has recognized OPEB expense only to the extent that the OPEB plan has recorded revenue as of the measurement date. Contributions to the OPEB plan after the measurement dates used to present the net OPEB asset or liability are presented as deferred outflows of resources in the current year and reduce the net OPEB liability the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the OPEB plans as an expenditure of the current year. The difference between these two measurement focuses is reconciled on the reconciliation statements presented on pages 27 and 30. Amounts due for OPEB liabilities are liquidated by the governmental funds, 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.

Leases

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

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

As of and for the Year Ended June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

Subscription-based Information Technology Arrangements (SBITAs)

The City obtains the right to use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements.

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

As of and for the Year Ended June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

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

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. As a result, the governmental activities, business-type activities, and component units now include a liability for the present value of payments expected to be made and subscription assets. The subscription assets and liabilities have been added to Notes 5 and 6, respectively, as of the beginning of the year. Subscription activity is further described in Note 16.

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 Beaumont Capital Management. 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

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

- Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, were rated at least A or its equivalent
- Banker's acceptances with maturities not exceeding 180 days, rated no less than A-1 (Standard & Poor's), P-1 (Moody's), or F1 (Fitch) at the time of purchase issued by a state or nationally chartered bank with combined capital and surplus of at least \$250 million
- Mutual funds, registered under the investment company act of 1940, composed of investment vehicles that are legal for direct investment by local units of government in Michigan, which maintain a constant net asset value per share of \$1.00 and comply with Rule 2a-7 of the Investment Company Act of 1940
- Investment pools organized under the local government investment pools acts and/or investment pools organized under the surplus funds investment pool act, provided the fund has an average maturity less than 90 days

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

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

	Maximum % by Instrument	Maximum % by Issuer
U.S. Treasury obligations	100.00 %	100.00 %
U.S. governmental instrumentalities securities	100.00	100.00
U.S. government agency securities	50.00	35.00
Repurchase agreements	25.00	5.00
Certificates of deposit	100.00	100.00
Michigan municipal securities	50.00	50.00
Commercial paper	25.00	5.00
Banker's acceptance	25.00	5.00
Money market mutual funds	25.00	25.00
Investment pools	25.00	25.00
Joint interlocal investment ventures	25.00	25.00

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

The investments of the City's two retirement systems and OPEB plans are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965 (MCL 38.1132 et seq), which has numerous investment limitations depending on the type of investment. These restrictions are summarized in Note 7. In addition, contracts between the retirement systems and their investment managers impose additional restrictions on the securities each investment manager may purchase on behalf of the systems. Currently both retirement systems are utilizing the same managers with the same investment mandates, although the individual securities in each portfolio may differ. Each retirement system has a different fiscal year end, which also contributes to differences in the reported portfolio composition. The assets accumulated by a pension and OPEB systems 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.

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. The City's investment policy seeks to minimize custodial credit risk by limiting the amount of deposits at each bank, savings and loan, or credit union to the amount of federal deposit insurance unless the institution has a bank rating of three stars or above by Bauer Financial. Most deposits are uninsured and uncollateralized. At year end, the carrying value of the City's and OPEB plans' deposits (included in equity in pooled cash and investments) was \$61,466,962, and the associated bank balances totaled \$60,049,409. Of the bank balances, \$1,919,751 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$58,129,659 were uninsured and exposed to custodial credit risk.

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

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes custodial credit risk by prequalifying broker/dealers, intermediaries, and advisors with which the City executes investment transactions by a review of references and the net worth of each investment company and by utilizing a third-party custodial bank for safekeeping of purchased securities. At June 30, 2023, 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, 2022, no investments of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2023, no General Retirement System (GRS) investments were exposed to custodial credit risk.

Interest Rate Risk

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

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

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

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

Primary government					Weighted- average Maturity (Years)
U.S. Treasury notes					2.51
U.S. Treasury inflation-protected securities					4.64
U.S. agency bonds					11.73
Michigan municipal bonds					3.81
Money market mutual funds					0.25

Police and Fire Retirement System at December 31, 2022	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 52,344,412	\$ -	\$ 9,958,609	\$ 3,193,197	\$ 39,192,606
State and municipal bonds	242,408	-	237,423	-	4,985
Corporate bonds and fixed-income commingled funds	70,616,215	795,807	6,172,161	58,707,900	4,940,347
Asset-backed securities	6,168,316	-	834,008	192,782	5,141,526
Cash and money market mutual funds	6,060,399	6,060,399	-	-	-
Investments held as collateral for securities lending	34,092,548	34,092,548	-	-	-
Total	\$ 169,524,298	\$ 40,948,754	\$ 17,202,201	\$ 62,093,879	\$ 49,279,464

General Retirement Systems at June 30, 2023	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. government obligations	\$ 49,418,204	\$ -	\$ 9,124,046	\$ 1,823,083	\$ 38,471,075
State and municipal bonds	243,719	-	238,719	-	5,000
Corporate bonds and fixed-income commingled funds	66,811,149	322,842	6,923,672	54,477,315	5,087,320
Asset-backed securities	6,855,623	-	910,738	424,426	5,520,459
Cash and money market mutual funds	4,737,812	4,737,812	-	-	-
Investments held as collateral for securities lending	31,368,843	31,368,843	-	-	-
Total	\$ 159,435,350	\$ 36,429,497	\$ 17,197,175	\$ 56,724,824	\$ 49,083,854

OPEB Plans at June 30, 2023	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate bonds and fixed-income commingled funds	\$ 40,275,712	\$ -	\$ 7,721,916	\$ 25,258,860	\$ 7,294,936
Cash and money market mutual funds	2,168,286	2,168,286	-	-	-
Total	\$ 42,443,998	\$ 2,168,286	\$ 7,721,916	\$ 25,258,860	\$ 7,294,936

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

Credit Risk

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

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

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

Primary Government	S&P Rating or Equivalent				Not Subject to Credit Risk/Not Available
	Total	AAA/A-1	AA/A-2	A/A-3	
U.S. Treasury obligations	\$ 123,693,120	\$ 9,915,400	\$ -	\$ -	\$ 113,777,720
U.S. government agencies	99,866,086	-	99,866,086	-	-
Michigan municipal securities	210,785,146	10,628,463	193,025,022	5,566,077	1,565,583
Commercial paper	51,724,155	41,777,055	9,947,100	-	-
Money market mutual funds	20,840,783	13,253,591	-	-	7,587,193
Total	<u>\$ 506,909,290</u>	<u>\$ 75,574,509</u>	<u>\$ 302,838,208</u>	<u>\$ 5,566,077</u>	<u>\$ 122,930,496</u>

Rating	Police and Fire Retirement System at December 31, 2022		General Retirement System at June 30, 2023		OPEB Plans at June 30, 2023
S&P AAA	\$ 1,593,435	\$ 1,957,062	\$ -		-
S&P AA	1,404,608	1,224,673	-		-
S&P A	57,487,406	54,780,427	-		-
S&P BBB	11,943,559	11,004,038	-		-
S&P BB	-	85,954	-		-
S&P B	81,190	-	-		-
S&P CC	206,398	207,492	-		-
U.S. government obligations - Not subject to credit risk	52,266,336	49,336,642	-		-
Unrated securities and funds	4,388,419	4,732,407	40,275,712		
Total	<u>\$ 129,371,351</u>	<u>\$ 123,328,695</u>	<u>\$ 40,275,712</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. Accounting principles generally accepted in the USA require disclosure of any investments that exceed 5 percent of total investments. Excluded from this reporting requirement are securities issued by, or explicitly guaranteed by, the U.S. government and investments in an investment pool or other fund that is itself a pool of other investments. No investments exceeded 5 percent of total investments in the current year.

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In general, the foreign currency exposure for the retirement systems resulting from international investments is not hedged by the investment managers. This exposes the portfolio to foreign currency risk, which is not expected to harm or help the performance of the fund in a significant way over the long term. The principal investment vehicles used for international investing are a U.S.-based institutional mutual fund whose shares are priced in the U.S. dollar and American Depositary 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, 2022	General Retirement System at June 30, 2023
Equities	\$ 120,372,494	\$ 116,790,899
Private equity partnerships	14,402,243	13,474,448
Private credit partnerships	16,234,140	16,040,271
Government obligations	78,076	81,562
Corporate bonds and commingled funds	5,121,643	4,175,488
Total fair value	<u>\$ 156,208,596</u>	<u>\$ 150,562,668</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 fair value of the borrowed securities or no less than 105 percent if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2022, 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	\$ 2,677,520	\$ 2,733,875
U.S. equities	15,940,190	16,532,825
U.S. government fixed income	14,495,218	14,825,848
Total	<u>\$ 33,112,928</u>	<u>\$ 34,092,548</u>

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

As of June 30, 2023, the General Retirement System had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities	
	Collateralized by Cash Collateral	Cash Collateral Received
U.S. corporate fixed income	\$ 2,776,004	\$ 2,817,612
U.S. equities	15,486,696	15,765,589
U.S. government fixed income	12,582,813	12,785,642
Total	<u>\$ 30,845,513</u>	<u>\$ 31,368,843</u>

NT shall indemnify the systems against borrower default in compliance with state statutes 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 NT's failure to: (1) make a reasonable determination of the creditworthiness of a borrower; (2) 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) 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. 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 either by lender or borrower.

Fair Value Measurements

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

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

The value of the City's investment portfolio at June 30, 2023 was developed using the following inputs:

	Primary Government Fair Value Measurements Using			Balance at June 30, 2023
	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	\$ 106,974,896	\$ 16,718,224	\$ -	\$ 123,693,120
U.S. government agency	99,866,086	-	-	99,866,086
Michigan municipal securities	-	210,785,146	-	210,785,146
Commercial paper	-	51,724,155	-	51,724,155
Total measured at fair value	<u>\$ 206,840,982</u>	<u>\$ 279,227,525</u>	<u>\$ -</u>	486,068,507
Investments Measured at Amortized Cost				
Money market mutual funds				20,840,783
Total investments				<u>\$ 506,909,290</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, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. government obligations	\$ 31,226,503	\$ 21,117,909	\$ -	\$ 52,344,412
State and municipal bonds	242,408	-	-	242,408
Corporate bonds and fixed-income commingled funds	17,573,288	53,042,927	-	70,616,215
Stocks and equity mutual funds	58,598,663	161,026,220	-	219,624,883
Real estate security fund	21,547,709	-	-	21,547,709
Asset-backed securities	6,168,316	-	-	6,168,316
Commodities	-	24,413,019	-	24,413,019
Private equity partnerships	-	-	36,271,931	36,271,931
Private credit partnerships	-	-	21,122,825	21,122,825
Securities lending collateral pool	34,092,548	-	-	34,092,548
Total measured at fair value	<u>\$ 169,449,435</u>	<u>\$ 259,600,075</u>	<u>\$ 57,394,756</u>	486,444,266
Investments Measured at Amortized Cost				
Money market mutual funds				6,060,399
Total investments				<u>\$ 492,504,665</u>

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

General Retirement System Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Investments by Fair Value Level				
U.S. government obligations	\$ 28,089,270	\$ 21,328,934	\$ -	\$ 49,418,204
State and municipal bonds	243,719	-	-	243,719
Corporate bonds and fixed- income commingled funds	16,428,745	50,382,404	-	66,811,149
Common and preferred stocks and equity mutual funds	57,480,781	153,588,283	-	211,069,064
Real estate security fund	20,737,480	-	-	20,737,480
Asset-backed securities	6,855,623	-	-	6,855,623
Commodities	-	20,434,562	-	20,434,562
Private equity partnerships	-	-	33,759,563	33,759,563
Private credit partnerships	-	-	20,588,043	20,588,043
Securities lending collateral pool	31,368,843	-	-	31,368,843
Total measured at fair value	<u>\$ 161,204,461</u>	<u>\$ 245,734,183</u>	<u>\$ 54,347,606</u>	461,286,250
Investments Measured at Amortized Cost				
Money market mutual funds				<u>4,737,812</u>
Total investments				<u>\$ 466,024,062</u>

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

OPEB Plans Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Assets				
Trading securities:				
Corporate bonds and fixed- income commingled funds	\$ 38,107,426	\$ -	\$ -	\$ 38,107,426
Common stocks and equity mutual funds	37,418,771	-	-	37,418,771
Total	<u>\$ 75,526,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,526,197</u>

As of and for the Year Ended June 30, 2023

Note 2 - Deposits and Investments (Continued)

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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, except Parking System, Sewer System, Water Supply System, Facilities Management, Information Technology, and Motor Equipment funds, which are budgeted at capital improvement and operations/maintenance account level. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgeted amounts presented in the financial statements are as originally adopted, or as amended by the City Commission during the fiscal year.

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

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

As of and for the Year Ended June 30, 2023

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

The legal level of budgetary control is described above. With the exception of the General Fund, Major and Local Streets 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, 2023, 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 \$1,155,750. 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 \$196,378. 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 \$9,180,405 at June 30, 2023. 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.

At June 30, 2023, restricted assets are composed of the following:

	Proprietary Funds		
	Water Supply System	Sewage Disposal System	Internal Service
Funds held by trustee	\$ 10,633,761	\$ 23,228,623	\$ 5,799,831
Equity in pooled cash and investments	839,976	252,826	-
Loans receivable	324,594	195,408	-
Total	<u>\$ 11,798,331</u>	<u>\$ 23,676,857</u>	<u>\$ 5,799,831</u>

As of and for the Year Ended June 30, 2023

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 27,055,048	\$ -	\$ 324,153	\$ -	\$ 27,379,201
Construction in progress	45,582,734	(4,566,143)	12,230,345	(2,535,064)	50,711,872
Easement/Right of way	1,630,489	-	49,256	-	1,679,745
Subtotal	74,268,271	(4,566,143)	12,603,754	(2,535,064)	79,770,818
Capital assets being depreciated:					
Lease assets	73,531	-	-	-	73,531
Subscription assets	4,821,244	-	-	-	4,821,244
Buildings and structures	181,004,021	34,877	2,000,919	-	183,039,817
Furniture and equipment	2,639,031	-	-	-	2,639,031
Vehicles	60,740,148	1,089,911	2,670,930	(652,555)	63,848,434
Machinery and equipment	29,686,452	699,034	2,421,279	(316,683)	32,490,082
Land improvements	66,928,600	1,877,135	3,207,455	-	72,013,190
Software	142,900	-	-	-	142,900
Infrastructure	574,101,652	865,186	10,759,272	-	585,726,110
Subtotal	920,137,579	4,566,143	21,059,855	(969,238)	944,794,339
Accumulated depreciation:					
Lease assets	24,293	-	24,293	-	48,586
Subscription assets	-	-	1,707,088	-	1,707,088
Buildings and structures	123,632,334	-	3,506,813	-	127,139,147
Furniture and equipment	2,634,530	-	1,977	-	2,636,507
Vehicles	35,219,392	-	4,745,811	(630,227)	39,334,976
Machinery and equipment	12,588,903	-	1,608,834	(294,252)	13,903,485
Land improvements	38,505,477	-	2,231,212	-	40,736,689
Software	142,900	-	-	-	142,900
Infrastructure	456,272,046	-	12,731,785	-	469,003,831
Subtotal	669,019,875	-	26,557,813	(924,479)	694,653,209
Net capital assets being depreciated	251,117,704	4,566,143	(5,497,958)	(44,759)	250,141,130
Net governmental activities capital assets	<u>\$ 325,385,975</u>	<u>\$ -</u>	<u>\$ 7,105,796</u>	<u>\$ (2,579,823)</u>	<u>\$ 329,911,948</u>

As of and for the Year Ended June 30, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Reclassifications	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 14,706,068	\$ -	\$ -	\$ -	\$ 14,706,068
Construction in progress	17,720,287	(10,063,495)	13,894,049	(1,901,367)	19,649,474
Easement/Right of way	3,469,479	-	258,795	-	3,728,274
Subtotal	35,895,834	(10,063,495)	14,152,844	(1,901,367)	38,083,816
Capital assets being depreciated:					
Storage tanks	25,310,390	971,462	281,135	-	26,562,987
Buildings and structures	234,943,098	18,957	1,158,334	(424,186)	235,696,203
Furniture	765,505	-	-	(13,346)	752,159
Motor vehicles	6,333,743	-	285,985	(16,987)	6,602,741
Machinery and equipment	339,976,953	621,802	6,823,697	(1,958,873)	345,463,579
Sewer service mains	544,857,076	6,298,049	5,698,112	-	556,853,237
Land improvements	36,397,023	-	287,405	-	36,684,428
Water mains	377,936,249	2,153,225	15,542,180	-	395,631,654
Software	190,958	-	-	-	190,958
Lease assets	3,267,590	-	-	-	3,267,590
Subtotal	1,569,978,585	10,063,495	30,076,848	(2,413,392)	1,607,705,536
Accumulated depreciation:					
Storage tanks	15,023,368	-	667,497	-	15,690,865
Buildings and structures	133,751,551	-	5,253,100	(40,373)	138,964,278
Furniture	758,590	-	234	(13,346)	745,478
Motor vehicles	4,044,779	-	626,109	(16,987)	4,653,901
Machinery and equipment	187,026,625	-	10,474,726	(1,359,610)	196,141,741
Sewer service mains	218,046,520	-	10,416,060	-	228,462,580
Land improvements	24,275,884	-	1,136,214	-	25,412,098
Water mains	106,173,812	-	4,969,507	-	111,143,319
Software	190,958	-	-	-	190,958
Lease assets	568,546	-	568,546	-	1,137,092
Subtotal	689,860,633	-	34,111,993	(1,430,316)	722,542,310
Net capital assets being depreciated	880,117,952	10,063,495	(4,035,145)	(983,076)	885,163,226
Net business-type activities capital assets	\$ 916,013,786	\$ -	\$ 10,117,699	\$ (2,884,443)	\$ 923,247,042

As of and for the Year Ended June 30, 2023

Note 5 - Capital Assets (Continued)

Component Units

Capital asset activity of the 61st District Court for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated - Construction in progress	\$ 63,541	\$ 50,507	\$ -	\$ 114,048
Capital assets being depreciated:				
Motor vehicles	92,357	-	-	92,357
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	13,988	-	-	13,988
Subtotal	257,125	-	-	257,125
Accumulated depreciation:				
Motor vehicles	42,657	7,218	-	49,875
Intangibles/Software	150,780	-	-	150,780
Machinery and equipment	441	2,331	-	2,772
Subtotal	193,878	9,549	-	203,427
Net capital assets being depreciated	63,247	(9,549)	-	53,698
Net 61st District Court capital assets	<u>\$ 126,788</u>	<u>\$ 40,958</u>	<u>\$ -</u>	<u>\$ 167,746</u>

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As of and for the Year Ended June 30, 2023

Note 5 - Capital Assets (Continued)**Component Units (Continued)**

Capital asset activity of the Downtown Development Authority for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Reclassifications	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 11,008,005	\$ -	\$ -	\$ -	\$ 11,008,005
Construction in progress	4,489	(4,489)	266,133	-	266,133
Subtotal	11,012,494	(4,489)	266,133	-	11,274,138
Capital assets being depreciated:					
Motor vehicles	-	-	15,000	-	15,000
Buildings and structures	60,161,125	-	-	-	60,161,125
Machinery and equipment	6,044,760	-	-	-	6,044,760
Furniture	2,827,540	-	14,999	-	2,842,539
Land improvements	6,708,245	4,489	333,459	-	7,046,193
Infrastructure	267,779	-	-	-	267,779
Lease asset	197,231	-	118,902	-	316,133
Subtotal	76,206,680	4,489	482,360	-	76,693,529
Accumulated depreciation:					
Motor vehicles	-	-	2,301	-	2,301
Buildings and structures	50,925,964	-	2,007,957	-	52,933,921
Machinery and equipment	5,231,025	-	232,198	-	5,463,223
Furniture	2,426,652	-	98,822	-	2,525,474
Land improvements	6,177,533	-	195,910	-	6,373,443
Infrastructure	208,266	-	5,950	-	214,216
Lease asset	60,686	-	64,402	-	125,088
Subtotal	65,030,126	-	2,607,540	-	67,637,666
Net capital assets being depreciated	11,176,554	4,489	(2,125,180)	-	9,055,863
Net Downtown Development Authority capital assets	\$ 22,189,048	\$ -	\$ (1,859,047)	\$ -	\$ 20,330,001

As of and for the Year Ended June 30, 2023

Note 5 - Capital Assets (Continued)

Component Units (Continued)

Capital asset activity of the Tax Increment Financing Authority for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated:				
Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Lease asset	3,088	-	-	3,088
Subtotal	1,489,888	-	-	1,489,888
Accumulated depreciation:				
Land improvements	1,486,800	-	-	1,486,800
Lease asset	950	950	-	1,900
Subtotal	1,487,750	950	-	1,488,700
Net Tax Increment Financing Authority capital assets	\$ 2,138	\$ (950)	\$ -	\$ 1,188

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

Governmental activities:	
General government	\$ 2,982,338
Public safety	1,811,832
Public works	13,678,805
Economic development	10,485
Recreation and culture	2,969,354
Internal service fund depreciation is charged to the various functions based on their usage of the asset	5,104,999
Total governmental activities	\$ 26,557,813
Business-type activities:	
Water	\$ 11,186,530
Sewer	19,152,880
Auto parking	3,487,135
Other	285,448
Total business-type activities	\$ 34,111,993
Component unit activities:	
61st District Court	\$ 9,549
Downtown Development Authority	2,607,540
Tax Increment Financing Authority	950
Total component unit activities	\$ 2,618,039

As of and for the Year Ended June 30, 2023

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	\$ 31,289,987	\$ 2,188,511
Sewer Disposal System - Various sewer mains and system construction projects	10,648,695	932,912
Streets Capital Construction - Various street construction projects	2,323	-
Vital Streets Capital Construction - Various vital street construction projects	6,099,085	219,171
Total	<u>\$ 48,040,090</u>	<u>\$ 3,340,594</u>

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As of and for the Year Ended June 30, 2023

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2023 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	\$ 1,870,000	\$ -	\$ (360,000)	\$ 1,510,000	\$ 365,000
2013 Capital Improvement Bonds	2.96%	8-20 to 8-29	1,015,000	-	(110,000)	905,000	115,000
Kent County Drain Commission Contract payable (2016 Floodwalls)	3-5%	11-20 to 11-36	6,945,000	-	(325,000)	6,620,000	340,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	3-4%	11-20 to 11-34	3,275,000	-	(205,000)	3,070,000	215,000
Total direct borrowings and direct placements			13,105,000	-	(1,000,000)	12,105,000	1,035,000
Other debt:							
2021 LTGO Capital Improvement (street lighting)	1.25-4.00%	10-22 to 10-41	11,790,000	-	(450,000)	11,340,000	470,000
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	1,805,000	-	(155,000)	1,650,000	155,000
2019A Grand Rapids Building Authority (Condo II-taxable)	5.00%	10-20 to 10-28	7,045,000	-	(865,000)	6,180,000	910,000
2019B Grand Rapids Building Authority (Condo II)	1.9-2.51%	10-20 to 10-28	7,940,000	-	(1,065,000)	6,875,000	1,085,000
2018 LTGO Capital Improvement (street lighting)	3-5%	10-22 to 10-41	8,210,000	-	(255,000)	7,955,000	265,000
2016 LTGO Refunding Bonds	3-5%	10-20 to 10-27	4,960,000	-	(735,000)	4,225,000	770,000
2016 Capital Improvement Bonds Vital Streets	4-5%	4-21 to 4-26	7,535,000	-	(1,750,000)	5,785,000	1,835,000
Total other debt			50,845,000	-	(5,275,000)	45,570,000	5,490,000
Unamortized bond premiums			4,395,633	-	(613,451)	3,782,182	-
Total bonds and contracts payable:			68,345,633	-	(6,888,451)	61,457,182	6,525,000
Leases			48,488	-	(24,600)	23,888	20,078
SBITAs			4,801,244	-	(2,160,972)	2,640,272	2,158,254
Compensated absences			15,292,304	11,116,805	(9,931,230)	16,477,879	6,818,012
Insurance claims			5,963,611	25,560,972	(25,493,832)	6,030,751	5,774,133
Total governmental activities			\$ 94,451,280	\$ 36,677,777	\$ (44,499,085)	\$ 86,629,972	\$ 21,295,477

As of and for the Year Ended June 30, 2023

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	\$ 430,965	\$ -	\$ (212,766)	\$ 218,199	\$ 218,199
2016 Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-36	1,623,008	-	(100,000)	1,523,008	100,000
2015 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-36	7,363,063	-	(410,000)	6,953,063	420,000
2014 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-34	2,017,840	-	(135,000)	1,882,840	135,000
2012 Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-33	2,145,930	-	(155,000)	1,990,930	160,000
2012A Water Supply System Junior Lien Revenue Bonds	2%	4-21 to 4-33	413,514	-	(35,000)	378,514	35,000
2011A Water Supply System Junior Lien Revenue Bonds	2.5%	10-20 to 10-31	489,752	-	(45,000)	444,752	45,000
2011B Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-32	436,549	-	(40,000)	396,549	40,000
2011C Water Supply System Junior Lien Revenue Bonds	2.5%	4-21 to 4-33	1,681,024	-	(135,000)	1,546,024	140,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2%	4-21 to 4-34	719,125	-	(55,000)	664,125	55,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-32	2,604,305	-	(230,000)	2,374,305	240,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	2.5%	4-20 to 4-33	995,370	-	(80,000)	915,370	80,000
Total direct borrowings and direct placements			20,920,445	-	(1,632,766)	19,287,679	1,668,199
Other debt:							
2020 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-50	26,020,000	-	(445,000)	25,575,000	470,000
2018 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-48	30,220,000	-	(605,000)	29,615,000	635,000
2016 Water Supply System Revenue Refunding Bonds	4-5%	1-21 to 1-46	33,525,000	-	(1,075,000)	32,450,000	1,130,000
2015 Water Supply System Revenue Refunding Bonds	5%	1-21 to 1-35	21,135,000	-	(1,190,000)	19,945,000	1,255,000
2013 Water Supply System Revenue Refunding Bonds	2-4%	1-21 to 1-28	1,390,000	-	(190,000)	1,200,000	205,000
2021 Sanitary Sewer System Revenue Refunding Bonds	0.30-2.8%	1-23 to 1-42	99,885,000	-	(1,660,000)	98,225,000	3,850,000
2020 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-50	34,545,000	-	(255,000)	34,290,000	270,000
2018 Sanitary Sewer System Revenue Bonds	5%	1-21 to 1-48	39,715,000	-	(780,000)	38,935,000	815,000
2016 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-38	42,090,000	-	(1,775,000)	40,315,000	1,865,000
2014 Sanitary Sewer System Revenue Refunding Bonds	5%	1-21 to 1-44	4,260,000	-	(2,075,000)	2,185,000	2,185,000
2013 Sanitary Sewer System Revenue Refunding Bonds	2-5%	1-21 to 1-34	2,100,000	-	(2,100,000)	-	-
2012 Sanitary Sewer System Revenue Bonds	4-5%	1-21 to 1-42	25,000	-	(25,000)	-	-
2010A Sanitary Sewer System Revenue Bonds (BABs)	6-62-6.72%	1-26 to 1-41	21,330,000	-	-	21,330,000	-
2010 Sanitary Sewer System Revenue Refunding Bonds	5%	1-23 to 1-28	29,625,000	-	(4,355,000)	25,270,000	4,575,000

As of and for the Year Ended June 30, 2023

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	\$ 9,475,000	\$ -	\$ (750,000)	\$ 8,725,000	\$ 790,000
2020A Grand Rapids Building Authority Bonds	4.0-5.0%	10-21 to 10-35	4,035,000	-	(220,000)	3,815,000	225,000
2020B Grand Rapids Building Authority Bonds	0.35-2.05%	10-21 to 10-32	7,930,000	-	(755,000)	7,175,000	760,000
Total other debt			407,305,000	-	(18,255,000)	389,050,000	19,030,000
Unamortized bond premiums			43,888,222	-	(2,751,308)	41,136,914	-
Total bonds and contracts payable:			472,113,667	-	(22,639,074)	449,474,593	20,698,199
Leases			2,690,387	-	(577,828)	2,112,559	593,923
Compensated absences			2,823,870	2,503,151	(2,348,978)	2,978,043	1,232,218
Total business-type activities			\$ 477,627,924	\$ 2,503,151	\$ (25,565,880)	\$ 454,565,195	\$ 22,524,340

Component Units

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt - 2012 Brownfield Redevelopment Authority Bonds	3-4%	6-21 to 6-32	\$ 1,460,000	\$ -	\$ (125,000)	\$ 1,335,000	\$ 130,000
Leases			138,073	118,902	(65,352)	191,623	93,779
Compensated absences			703,624	679,826	(651,582)	731,868	416,546
Total component units			\$ 2,301,697	\$ 798,728	\$ (841,934)	\$ 2,258,491	\$ 640,325

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

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

The City's total bonded debt does not include the 2001 JBA bonds of \$20,719,325 or the 2013 JBA bonds of \$620,000. 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, 2023

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	
2024	\$ 1,035,000	\$ 486,497	\$ 5,490,000	\$ 1,594,158	\$ 8,605,655
2025	1,075,000	451,798	5,710,000	1,365,197	8,601,995
2026	1,100,000	414,459	5,955,000	1,129,178	8,598,637
2027	1,140,000	374,158	4,055,000	892,719	6,461,877
2028	785,000	330,450	4,195,000	753,328	6,063,778
2029-2033	4,000,000	1,132,776	7,895,000	2,540,663	15,568,439
2034-2038	2,970,000	266,213	6,655,000	1,436,288	11,327,501
2039-2043	-	-	5,615,000	334,990	5,949,990
2044-2048	-	-	-	-	-
2049-2051	-	-	-	-	-
Total	\$ 12,105,000	\$ 3,456,351	\$ 45,570,000	\$ 10,046,521	\$ 71,177,872

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,668,199	\$ 467,563	\$ 19,030,000	\$ 15,597,947	\$ 36,763,709
2025	1,485,000	425,974	19,730,000	14,852,845	36,493,819
2026	1,510,000	389,110	20,500,000	14,152,345	36,551,455
2027	1,570,000	351,437	21,275,000	13,415,314	36,611,751
2028	1,595,000	312,475	22,070,000	12,637,105	36,614,580
2029-2033	8,195,514	947,446	96,675,000	52,540,566	158,358,526
2034-2038	3,263,966	146,370	86,810,000	34,272,560	124,492,896
2039-2043	-	-	54,270,000	18,411,976	72,681,976
2044-2048	-	-	40,755,000	7,655,150	48,410,150
2049-2051	-	-	7,935,000	528,750	8,463,750
Total	\$ 19,287,679	\$ 3,040,375	\$ 389,050,000	\$ 184,064,558	\$ 595,442,612

Years Ending June 30	Component Unit Activities		
	Other Debt		Total
	Principal	Interest	
2024	\$ 130,000	\$ 48,513	\$ 178,513
2025	135,000	43,962	178,962
2026	135,000	39,238	174,238
2027	140,000	34,513	174,513
2028	145,000	29,437	174,437
2029-2033	650,000	61,681	711,681
2034-2038	-	-	-
2039-2043	-	-	-
2044-2048	-	-	-
2049-2051	-	-	-
Total	\$ 1,335,000	\$ 257,344	\$ 1,592,344

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.

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 their 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 their 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 the applicable benefit multiplier selected by the member multiplied by the member's final average compensation, multiplied by the 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, final average compensation 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, 2023 were 4.7 and 35.4 percent, respectively. For purposes of benefit calculations, the final average compensation 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.

As of and for the Year Ended June 30, 2023

Note 7 - Pension Plans (Continued)***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Police and Fire Retirement System	General Retirement System
Date of member count	December 31, 2022	June 30, 2022
Retirees and beneficiaries receiving pension benefits	788	1,202
Terminated plan members entitled to but not yet receiving benefits	16	103
Active plan members	441	345
Total employees covered by the plan	1,245	1,650

Contributions

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

For fiscal year 2023, the contribution rates for the Police and Fire Retirement System were 6.86 to 13.45 percent for plan members and 28.62 percent for the City (employer). For fiscal year 2023, the contribution rates for the General Retirement System were 3.00 to 11.54 percent for plan members and 46.19 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, 2022 for the Police and Fire Retirement System and June 30, 2022 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, 2023

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, 2021	\$ 630,404,345	\$ 543,311,869	\$ 87,092,476
Changes for the year:			
Service cost	11,755,473	-	11,755,473
Interest	41,634,797	-	41,634,797
Changes in benefits	109,480	-	109,480
Differences between expected and actual experience	14,806,552	-	14,806,552
Contributions - Employer	-	13,124,901	(13,124,901)
Contributions - Employee	-	5,927,247	(5,927,247)
Net investment loss	-	(63,118,350)	63,118,350
Benefit payments, including refunds	(38,940,560)	(38,940,560)	-
Administrative expenses	-	(622,188)	622,188
Miscellaneous other charges	-	(52,798)	52,798
Net changes	29,365,742	(83,681,748)	113,047,490
Balance at December 31, 2022	<u>\$ 659,770,087</u>	<u>\$ 459,630,121</u>	<u>\$ 200,139,966</u>

General Retirement System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2021	\$ 563,551,840	\$ 489,704,302	\$ 73,847,538
Changes for the year:			
Service cost	4,001,976	-	4,001,976
Interest	38,200,989	-	38,200,989
Differences between expected and actual experience	4,141,442	-	4,141,442
Changes in assumptions	14,430,114	-	14,430,114
Contributions - Employer	-	12,568,944	(12,568,944)
Contributions - Employee	-	2,373,612	(2,373,612)
Net investment loss	-	(27,476,181)	27,476,181
Benefit payments, including refunds	(39,648,835)	(39,648,835)	-
Administrative expenses	-	(592,461)	592,461
Miscellaneous other charges	-	(47,768)	47,768
Net changes	21,125,686	(52,822,689)	73,948,375
Balance at June 30, 2022	<u>\$ 584,677,526</u>	<u>\$ 436,881,613</u>	<u>\$ 147,795,913</u>

As of and for the Year Ended June 30, 2023

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, 2023, the City recognized pension recovery of \$9,494,196. At June 30, 2023, 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	\$ 17,088,935	\$ -
Changes in assumptions	18,813,516	-
Net difference between projected and actual earnings on pension plan investments	45,817,222	-
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	383,819	-
Employer contributions to the plan subsequent to the measurement date	19,524,091	-
Total	<u>\$ 101,627,583</u>	<u>\$ -</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 4.0 years for the Police and Fire System and 1.6 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
2024	\$ 21,679,041
2025	17,827,457
2026	10,603,746
2027	31,993,248
Total	<u>\$ 82,103,492</u>

As of and for the Year Ended June 30, 2023

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, 2022	June 30, 2022
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	6.75%	6.75%
Discount rate	6.75%	6.75%
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 6.75 percent as of the measurement date of both the General Retirement System liability and the measurement date of the Police and Fire Retirement System liability. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate and that both contributions will continue to be made biweekly when wages are paid. Based on these assumptions, both systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on system investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return and Asset Allocation

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

These estimates are then combined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return by the target asset allocation percentage and by adding expected inflation, 2.58 percent at June 30, 2022 and 2.31 percent at December 31, 2022.

As of and for the Year Ended June 30, 2023

Note 7 - Pension Plans (Continued)

The current asset allocation policy for each pension system and the expected geometric real rate of return (net of projected inflation) of each asset class as of December 31, 2022 and June 30, 2022 is shown below:

Police and Fire Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2022
U.S. equity	17.75 %	6.50 %
Non-U.S. equity	17.75	7.60
Fixed income	24.50	4.90
Treasury inflation-protected securities	5.00	1.45
Real estate securities	5.00	4.55
Private equity	5.00	9.90
Commodities	5.00	6.25
Midstream energy infrastructure	5.00	7.65
Private credit	5.00	9.12
Global low volatility	10.00	7.10

General Retirement System

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2022
U.S. equity	17.75 %	5.39 %
Non-U.S. equity	17.75	6.39
Fixed income	24.50	2.83
Treasury inflation-protected securities	5.00	2.41
Real estate securities	5.00	5.23
Private equity	5.00	8.79
Commodities	5.00	4.66
Midstream energy infrastructure	5.00	7.15
Private credit	5.00	7.06
Global low volatility	10.00	5.95

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

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Police and Fire Retirement System	\$ 282,163,526	\$ 200,139,966	\$ 132,701,248
Net pension liability of the General Retirement System	212,122,644	147,795,913	93,535,957

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 General Retirement System include the assumed rate of return being reduced from 7.00 to 6.75 percent.

Investments

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

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

- Investments in equity securities are limited to 70 percent of the systems' assets, and investments in the stock of any one corporation are limited to 5 percent of the systems' assets.
- Investments in securities traded outside the U.S., or in a foreign currency, are limited to 20 percent of the systems' assets.
- Equity investments in real estate are limited to 10 percent of the systems' assets.
- Investments in state and local government obligations are limited to 5 percent of the systems' assets.
- Investments in derivatives are limited to a notional amount equal to 15 percent of the systems' assets and may not be used to leverage the portfolio.

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As of and for the Year Ended June 30, 2023

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	
	Governmental	Business-type	Unit - 61st	Total
	Activities	Activities	District Court	
Net pension liability	\$ 299,241,145	\$ 35,800,932	\$ 12,893,802	\$ 347,935,879
Pension expense	49,498,834	4,775,289	2,320,526	56,594,649
Deferred outflows of resources representing contributions subsequent to the measurement date	15,591,605	2,885,039	1,047,447	19,524,091
Deferred outflows of resources representing the differences between expected and actual experience	16,577,228	376,219	135,488	17,088,935
Deferred outflows of resources representing assumption changes	17,132,682	1,208,750	472,084	18,813,516
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	42,119,313	2,718,788	979,121	45,817,222
Deferred outflows of resources representing the change in proportionate share	-	-	383,819	383,819
Amortization of deferred amounts:				
2024	\$ 18,358,588	\$ 2,132,109	\$ 1,188,344	\$ 21,679,041
2025	17,594,688	171,137	61,632	17,827,457
2026	11,893,513	(948,266)	(341,501)	10,603,746
2027	27,982,433	2,948,777	1,062,038	31,993,248
Total	<u>\$ 75,829,222</u>	<u>\$ 4,303,757</u>	<u>\$ 1,970,513</u>	<u>\$ 82,103,492</u>
Sensitivity analysis:				
General Retirement System net pension liability at 5.75 percent discount rate	\$ 142,231,004	\$ 51,385,936	\$ 18,505,704	\$ 212,122,644
General Retirement System net pension liability at 7.75 percent discount rate	62,717,081	22,658,744	8,160,132	93,535,957

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As of and for the Year Ended June 30, 2023

Note 9 - Other Postemployment Benefit Trust Funds

The following are condensed financial statements for the individual postemployment health care plans as of and for the year ended June 30, 2023:

	General Retiree Plan	Police Retiree Plan	Fire Retiree Plan	Total
Statement of Net Position				
Equity in pooled cash and investments	\$ 243,198	\$ 402,890	\$ 385,668	\$ 1,031,756
Investments held by trustee	16,353,911	39,958,596	21,381,976	77,694,483
Receivables - Net	25,534	57,900	31,221	114,655
Vouchers and accounts payable	(167,235)	(252,068)	(80,708)	(500,011)
Net position	<u>\$ 16,455,408</u>	<u>\$ 40,167,318</u>	<u>\$ 21,718,157</u>	<u>\$ 78,340,883</u>
Statement of Changes in Net Position				
Employer contributions	\$ 1,562,491	\$ 258,037	\$ 798,652	\$ 2,619,180
Investment gain	1,127,291	2,733,241	1,483,008	5,343,540
Benefits paid	(2,216,876)	(2,956,950)	(2,103,072)	(7,276,898)
Administration expense	(181,562)	(194,004)	(131,173)	(506,739)
Change in net position	<u>\$ 291,344</u>	<u>\$ (159,676)</u>	<u>\$ 47,415</u>	<u>\$ 179,083</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, 2022, while the actuarial valuation date to determine required contributions was June 30, 2021.

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

Plan operation is administered by city staff.

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

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.

As of and for the Year Ended June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

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, 2022	June 30, 2022	June 30, 2022
Retirees and beneficiaries receiving benefit payments	180	135	105
Inactive plan members entitled to but not yet receiving benefit payments	-	16	3
Active plan members	901	285	197
Total plan members	1,081	436	305

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 2023, the City contributed \$2,619,180 to the three plans. Retiree premium payments of \$1,595,682 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 4.90 percent for firefighters, 2.33 percent for police officers, and 4.15 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.

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As of and for the Year Ended June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

Net OPEB Liability (Asset)

The City reports the net OPEB liability (asset) on its financial statements using a measurement date of June 30, 2022. Changes in the City's net OPEB liability (asset) resulting from the operation of the three plans during the measurement year ended June 30, 2022 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, 2021	\$ 31,919,469	\$ 18,194,888	\$ 13,724,581
Changes for the year:			
Service cost	462,915	-	462,915
Interest	1,558,985	-	1,558,985
Differences between expected and actual experience	(4,272,314)	-	(4,272,314)
Changes in assumptions	385,336	-	385,336
Contributions - Employer	-	2,094,675	(2,094,675)
Federal grants	-	99,464	(99,464)
Net investment loss	-	(2,084,025)	2,084,025
Benefit payments, including refunds	(1,942,538)	(1,942,538)	-
Administrative expenses	-	(198,400)	198,400
Net changes	(3,807,616)	(2,030,824)	(1,776,792)
Balance at June 30, 2022	<u>\$ 28,111,853</u>	<u>\$ 16,164,064</u>	<u>\$ 11,947,789</u>

Police Retiree Plan

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at June 30, 2021	\$ 46,052,515	\$ 47,043,965	\$ (991,450)
Changes for the year:			
Service cost	595,782	-	595,782
Interest	2,257,795	-	2,257,795
Differences between expected and actual experience	(7,870,484)	-	(7,870,484)
Changes in assumptions	564,560	-	564,560
Contributions - Employer	-	1,184,482	(1,184,482)
Federal grants	-	73,713	(73,713)
Net investment loss	-	(5,348,951)	5,348,951
Benefit payments, including refunds	(2,389,598)	(2,389,598)	-
Administrative expenses	-	(236,617)	236,617
Net changes	(6,841,945)	(6,716,971)	(124,974)
Balance at June 30, 2022	<u>\$ 39,210,570</u>	<u>\$ 40,326,994</u>	<u>\$ (1,116,424)</u>

As of and for the Year Ended June 30, 2023

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, 2021	\$ 27,657,846	\$ 25,300,285	\$ 2,357,561
Changes for the year:			
Service cost	767,927	-	767,927
Interest	1,349,793	-	1,349,793
Differences between expected and actual experience	(3,601,760)	-	(3,601,760)
Changes in assumptions	328,772	-	328,772
Contributions - Employer	-	1,346,555	(1,346,555)
Federal grants	-	167,426	(167,426)
Net investment loss	-	(2,883,885)	2,883,885
Benefit payments, including refunds	(2,091,861)	(2,091,861)	-
Administrative expenses	-	(167,778)	167,778
Net changes	(3,247,129)	(3,629,543)	382,414
Balance at June 30, 2022	<u>\$ 24,410,717</u>	<u>\$ 21,670,742</u>	<u>\$ 2,739,975</u>

The components of the net OPEB liability (asset) of the City of Grand Rapids, Michigan at June 30, 2023 were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 24,046,518	\$ 35,060,334	\$ 21,857,849	\$ 80,964,701
Less plan fiduciary net position	(16,455,408)	(40,167,318)	(21,718,157)	(78,340,883)
City's net OPEB liability (asset)	<u>\$ 7,591,110</u>	<u>\$ (5,106,984)</u>	<u>\$ 139,692</u>	<u>\$ 2,623,818</u>

The plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2023 is 68.43 percent for the General Plan, 114.57 percent for the Police Plan, and 99.36 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, 2023, the City recognized OPEB recovery of \$7,020,434 from all plans.

As of and for the Year Ended June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

At June 30, 2023, 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	\$ 141,009	\$ 47,612,215
Changes in assumptions	5,931,848	4,539,033
Net difference between projected and actual earnings on OPEB plan investments	3,543,320	-
Changes in proportionate share, or difference between amount contributed and proportionate share of contributions	346,843	346,843
Employer contributions to the plan subsequent to the measurement date	2,618,871	-
Total	<u>\$ 12,581,891</u>	<u>\$ 52,498,091</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 plan members. Those time periods are 7.2 years for the Police Plan, 7.5 years for the Fire Plan, and 7.9 years for the General Plan. The differences between projected and actual investment earnings are amortized over 5 years. The \$2,618,871 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, 2024. 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
2024	\$ (9,892,463)
2025	(10,127,354)
2026	(10,183,331)
2027	(4,773,651)
2028	(3,855,870)
Thereafter	(3,702,402)
Total	<u>\$ (42,535,071)</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, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Investment rate of return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected salary increase	3.00 - 7.16%	3.00 - 7.16%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%	4.00 - 20.00%
Inflation rate	2.25%	3.0%	2.25%	3.0%	2.25%	3.0%
Health care inflation rate - Medical and drug	7.5% grading to 3.5% in 2034	7.7% grading to 3.5% in 2030	7.5% grading to 3.5% in 2034	7.7% grading to 3.5% in 2030	7.5% grading to 3.5% in 2034	7.7% grading to 3.5% in 2030
Health care inflation rate - Dental and vision	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years	3.5% in all years

As of and for the Year Ended June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from January 1, 2015 through December 31, 2019.

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, 2022 and June 30, 2023. This single discount rate was based on the expected rate of return on system investments of 5.0 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to or above the actuarially determined employer contribution rates. Each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Rate of Return and Asset Allocation

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

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

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

The following tables present each plan's net OPEB liability (asset) as of the most recent measurement dates. The net OPEB liability (asset) of the Police and Fire plans is allocated to the primary government, and 11.0 percent of the General Plan is allocated to component units, with the rest to the primary government. The liability (asset) is calculated using a single discount rate of 5.0 percent, as well as what each 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, 2023 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	\$ 9,056,206	\$ 7,591,110	\$ 6,237,426
Net OPEB asset of the Police Retiree Plan	(2,937,810)	(5,106,984)	(7,350,107)
Net OPEB liability (asset) of the Fire Retiree Plan	1,404,146	139,692	(1,041,119)
Total	\$ 7,522,542	\$ 2,623,818	\$ (2,153,800)

As of and for the Year Ended June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

	June 30, 2022 Single Discount Rate		
	1 Percentage Point Decrease (4.0%)	Current Discount Rate (5.0%)	1 Percentage Point Increase (6.0%)
Net OPEB liability of the General Retiree Plan	\$ 13,690,672	\$ 11,947,789	\$ 10,337,277
Net OPEB liability (asset) of the Police Retiree Plan	1,396,484	(1,116,424)	(3,423,418)
Net OPEB liability of the Fire Retiree Plan	4,191,948	2,739,975	1,386,031

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 (asset) is calculated using each plan's current health care cost trend rate assumption, as well as what each 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, 2023 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	\$ 5,916,078	\$ 7,591,110	\$ 9,439,912
Net OPEB asset of the Police Retiree Plan	(7,669,391)	(5,106,984)	(2,590,359)
Net OPEB (asset) liability of the Fire Retiree Plan	(1,483,383)	139,692	1,952,667

	June 30, 2022 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	\$ 9,940,493	\$ 11,947,789	\$ 14,169,401
Net OPEB (asset) liability of the Police Retiree Plan	(3,820,963)	(1,116,424)	1,836,538
Net OPEB liability of the Fire Retiree Plan	876,499	2,739,975	4,825,621

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.

Rate of Return

For the year ended June 30, 2022, the City calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as 7.04, 6.98, and 7.04 percent for the General, Police, and Fire Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

As of and for the Year Ended June 30, 2023

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	
	Governmental	Business-type	- 61st District	Total
	Activities	Activities	Court	
Net OPEB liability	\$ 10,991,874	\$ 2,381,992	\$ 1,313,898	\$ 14,687,764
Net OPEB asset	(1,116,424)	-	-	(1,116,424)
OPEB recovery	(6,453,872)	(402,260)	(164,302)	(7,020,434)
Deferred outflows of resources representing contributions subsequent to the measurement date	2,119,402	306,810	192,659	2,618,871
Deferred outflows of resources representing change in proportionate share	-	-	346,843	346,843
Deferred outflows of resources representing the differences between expected and actual experience	141,009	-	-	141,009
Deferred outflows of resources representing assumption changes	5,472,253	296,208	163,387	5,931,848
Deferred outflows of resources representing the net difference between projected and actual earnings on OPEB plan investments	3,274,653	173,155	95,512	3,543,320
Deferred inflows of resources representing the differences between expected and actual experience	(42,305,025)	(3,420,470)	(1,886,720)	(47,612,215)
Deferred inflows of resources representing assumption changes	(4,008,834)	(341,712)	(188,487)	(4,539,033)
Deferred inflows of resources representing change in proportionate share	(269,150)	(77,693)	-	(346,843)
Amortization of deferred amounts:				
2024	\$ (8,927,640)	\$ (658,938)	\$ (305,885)	\$ (9,892,463)
2025	(9,152,703)	(665,272)	(309,379)	(10,127,354)
2026	(9,196,848)	(672,898)	(313,585)	(10,183,331)
2027	(3,982,509)	(547,001)	(244,141)	(4,773,651)
2028	(3,212,053)	(452,051)	(191,766)	(3,855,870)
Thereafter	(3,223,341)	(374,352)	(104,709)	(3,702,402)
Total	<u>\$ (37,695,094)</u>	<u>\$ (3,370,512)</u>	<u>\$ (1,469,465)</u>	<u>\$ (42,535,071)</u>

Sensitivity analysis:

General Retiree Plan net OPEB liability at 4.00 percent discount rate (June 30, 2022 measurement date)	\$ 9,455,645	\$ 2,729,464	\$ 1,505,563	\$ 13,690,672
General Retiree Plan net OPEB liability at 6.00 percent discount rate (June 30, 2022 measurement date)	7,139,578	2,060,909	1,136,790	10,337,277
General Retiree Plan net OPEB liability with 1 percentage point decrease in health care cost trend rate (June 30, 2022 measurement date)	6,865,534	1,981,803	1,093,156	9,940,493
General Retiree Plan net OPEB liability with 1 percentage point increase in health care cost trend rate (June 30, 202 measurement date)	9,775,085	2,836,107	1,558,209	14,169,401

As of and for the Year Ended June 30, 2023

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, 2023 were as follows:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 8,437,397
	General Capital Construction	4,185,188
	Water Supply System	179,588
	Nonmajor enterprise funds	582,000
	Total General Fund	13,384,173
Major Streets Fund	Local Streets Fund	2,708,585
	Nonmajor governmental funds	11,675,450
	Total Major Streets Fund	14,384,035
Local Streets Fund	Major Streets Fund	52,445
	Nonmajor governmental funds	143,802
	Total Local Streets Fund	196,247
General Capital Construction Fund	Nonmajor governmental funds	224,159
	Water Supply System	38,514
	Nonmajor enterprise funds	325,000
	Total General Capital Construction Fund	587,673
Nonmajor governmental funds	General Fund	1,468,794
	Major Streets Fund	509,690
	Local Streets Fund	35,615
	Nonmajor governmental funds	240,000
	Nonmajor enterprise funds	50,400
	Total nonmajor governmental funds	2,304,499
Water Supply System	Nonmajor governmental funds	24,207
Parking System	General Fund	140,000
Nonmajor enterprise funds	Nonmajor governmental funds	125,043
Internal Service Funds	Nonmajor governmental funds	1,972,444
	Total	\$ 33,118,321

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

As of and for the Year Ended June 30, 2023

Note 13 - Tax Abatements

As of June 30, 2023, 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 2023, the City abated \$191,019 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **Obsolete Property Rehabilitation Exemption:** The purpose of this program is to encourage investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use. The tax being abated is the real property tax and is authorized by Public Act 146 of 2000, as amended, MCL 125.2781 et seq., and City Commission Policy 900-42. To be eligible to receive the abatement, the property must be functionally obsolete, as determined by the city assessor, as defined in the legislation. The project must be for a project that will have a commercial or commercial housing use. In addition, the City requires a minimum investment of \$30 per square foot in the rehabilitation of a building. The taxable value of the qualifying property is set at the taxable value assigned in the year immediately preceding the effective date of the exemption certificate. New taxable value in excess of the frozen taxable value is exempted from certain millages levied on real property for a period of 1-12 years. For fiscal year 2023, the City abated \$211,409 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.
- **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 2023, the City abated \$101,117 of taxes under this program. The applicant and the City enter into a Memorandum of Agreement, by which the applicant agrees to pay (for distribution to the various tax collecting authorities) an amount equal to the amount of the taxes abated if it does not meet the job creation or private investment estimates contained in its application.

As of and for the Year Ended June 30, 2023

Note 13 - Tax Abatements (Continued)

- **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 2023, the City abated \$177,167 of taxes under this program. There are no provisions to recapture abated taxes.
- **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 2023, the City abated \$2,290,800 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 \$78,148 for fiscal year 2023. 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, 2023

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 2023, the City abated \$999,585 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 \$9,938 for fiscal year 2023. 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 an employer match of 7 percent of pay for most units. 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, 2023, employee contributions were \$2,577,800, and the employer contributions were \$2,661,514 to this plan. At June 30, 2023, the plan had 623 active and 166 terminated participants. The fair value of plan assets was \$29,358,328.

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, 2023, there were 13 active and 21 terminated plan participants with a total fair value of plan assets for both active and retired participants of \$11,106,027. Contributions made by employees and the City totaled \$92,627 and \$125,997, respectively, for the fiscal year ended June 30, 2023.

As of and for the Year Ended June 30, 2023

Note 14 - Deferred Compensation Plans (Continued)

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, 2023, the total fair value of plan assets was \$105,399,454. Net of the effect of employee contributions, withdrawals, and earnings, the fair value of plan assets increased by \$8,213,483 for the year ended June 30, 2023. 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 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, 2023, 1,129 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2023, regular contributions made by employees and the employer totaled \$975,019 and \$1,883,800, respectively. As the current participants in the defined benefit retiree health care plans described in Note 10 reach age 65, this defined contribution savings program will become the primary and, eventually, the City's only retiree health care plan.

Note 15 - Leases

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

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

Future principal and interest payment requirements related to the City's lease liability at June 30, 2023 are as follows:

Years Ending	Governmental Activities		Business-type Activities		Component Units		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 20,070	\$ 105	\$ 593,923	\$ 14,072	\$ 93,779	\$ 3,198	\$ 725,147
2025	3,818	5	599,471	9,797	41,818	2,043	656,952
2026	-	-	605,094	5,485	30,202	1,188	641,969
2027	-	-	45,245	1,136	25,824	334	72,539
2028	-	-	46,814	958	-	-	47,772
2029-2033	-	-	222,012	1,942	-	-	223,954
Total	\$ 23,888	\$ 110	\$ 2,112,559	\$ 33,390	\$ 191,623	\$ 6,763	\$ 2,368,333

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

As of and for the Year Ended June 30, 2023

Note 15 - Leases (Continued)

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

	Governmental Activities	Business-type Activities
Lease revenue	\$ 34,323	\$ 496,445

Note 16 - Subscriptions

The City obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly.

Subscription asset activity of the City is included in Note 5 - Capital Assets.

Future principal and interest payment requirements related to the City's subscription liability at June 30, 2023 are as follows:

Years	Governmental Activities		Total
	Principal	Interest	
2024	\$ 2,158,253	\$ 52,184	\$ 2,210,437
2025	302,246	9,006	311,252
2026	179,773	2,509	182,282
Total	\$ 2,640,272	\$ 63,699	\$ 2,703,971

Note 17 - Commitments, Contingencies, and Related Party Transactions

- **Federal and State Grants** - The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
- **Remediation Sites** - The City has reached remediation agreements with the appropriate regulatory bodies and continues to perform maintenance and monitoring activities. There are no current legal issues at this time.
- **Litigation** - In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the city attorney, adequate reserves have been established for the potential liability for all claims.
- **Commitments** - The cities of Grand Rapids and Wyoming, Michigan operate the Grand Valley Regional Biosolids Authority. Its facilities were constructed with initial financing in the amounts of \$16,430,000, at an interest rate of 1.625 percent, and \$17,675,000, at an interest rate of 2.5 percent, provided by the State of Michigan Water Pollution Control Revolving Fund. At June 30, 2023, the outstanding liability was \$11,750,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2023, the City's portion of the liability was 59.41 percent. For fiscal year 2024, it is budgeted at 62.60 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 City provides no commitments regarding the debt outside of maintenance of the tax-exempt status. The outstanding amount of conduit debt at June 30, 2023 was \$156,375,723.

As of and for the Year Ended June 30, 2023

Note 17 - Commitments, Contingencies, and Related Party Transactions (Continued)

- **Miscellaneous Receivable** - The City entered into an agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The museum uses the museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50-year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures, or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the public museum. In accordance with the lease agreement, the City also retains a reversionary interest in the museum's inventory and petty cash, valued at \$46,436 and \$12,725, respectively, at June 30, 2023. 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.

Note 18 - Fund Balance Constraints

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

Nonspendable:	
Inventory	\$ 1,874,822
Prepays	972
Nonexpendable/Endowment	3,172,688
Total nonspendable	5,048,482
Restricted:	
General government - Michigan Indigent Defense Commission	238,048
Public safety - Law enforcement	1,810,578
Urban and community development	4,214,813
Culture and recreation:	
Library programs	441,089
Parks and recreation	2,960
Statue maintenance	123,678
Public works - Major and local street work	24,649,397
Authorized projects - Capital projects-bond proceeds	4,394,186
Opioid settlement	909,504
Total restricted	36,784,253
Committed:	
Authorized projects - Streets capital projects	11,444,144
General capital projects	32,347,297
Urban and community development:	
Third ward equity	2,000,000
Affordable housing	4,965,081
Other	155,411
Other purposes:	
Budget stabilization	17,798,835
Perpetual care - Cemetery	1,644,388
Total committed	70,355,156

As of and for the Year Ended June 30, 2023

Note 18 - Fund Balance Constraints (Continued)

Assigned:		
Culture and recreation:		
Library programs	\$	5,469,040
Parks and recreation		4,124,408
General special revenue		54,656
Urban and community development:		
Building inspections		6,456,376
Property management		185,120
Economic development		408,092
Public works:		
Refuse		4,993,932
Sidewalk repair		1,991,847
Vehicle storage		857,267
Ensuing budget year		19,432
Compensated absences		14,506,273
Other purposes:		
Debt service		1,650,175
Authorized projects		2,344,412
Encumbrances - General Fund		932,860
Total assigned		43,993,890
Unassigned		66,765,634
Total fund balance	\$	<u>222,947,415</u>

Note 19 - 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:

	2023	2022
Unpaid claims - Beginning of year	\$ 5,963,611	\$ 4,519,098
Incurred claims - Net of changes in estimates	25,560,972	29,789,785
Claim payments	(25,493,832)	(28,345,272)
Unpaid claims - End of year	<u>\$ 6,030,751</u>	<u>\$ 5,963,611</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 20 - Subsequent Events

On September 20, 2023, the City committed to the issuance of a maximum of \$15,000,000 of Sanitary Sewer System Junior Lien Revenue Bonds, Series 2023. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Sanitary Sewer System. The interest rate is 1.875 percent. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness through the American Rescue Plan State Revolving Fund Grant of \$7.5 million, for a total principal owed of \$7,500,000. Principal payments commence on October 2026.

As of and for the Year Ended June 30, 2023

Note 20 - Subsequent Events (Continued)

On November 22, 2023, the City issued General Obligation Limited Tax Capital improvement Bonds Series 2023 in the amount of \$9,130,000 with interest rates ranging from 4.0 percent to 5.0 percent, with maturities at varying amounts from October 2024 to 2043. The net proceeds of \$9,558,677 (including premium of \$497,152 less underwriter's discount of \$68,475) were used for issuance costs of the bonds and certain public improvements to Lyon Street NW, between Monroe Ave and the Grand River commonly known as "Lyon Square."

The City finalized several land and property purchases, including (1) 850 Pannell for \$1,889,118 to relocate non-emergency fire operations and a training facility, (2) 4040 Kalamazoo for \$512,623 to build a new fire station to better service the surrounding neighborhoods, and (3) 1500 Scribner for \$7,300,535 to move various city operations from 201 Market to accommodate the new planned amphitheater.

Note 21 - Upcoming Accounting Pronouncements

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

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

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Required Supplementary Information

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Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes:				
Property taxes	\$ 16,063,993	\$ 16,177,851	\$ 16,411,584	\$ 233,733
Income taxes	90,299,787	90,299,787	109,926,590	19,626,803
Intergovernmental:				
Federal grants	9,185,000	5,770,707	926,023	(4,844,684)
State sources:				
State-shared taxes	22,174,622	22,174,622	24,380,460	2,205,838
State grants	1,069,936	1,069,936	1,102,273	32,337
Other grants and contributions	2,388,193	2,388,193	2,795,665	407,472
Charges for services	14,163,623	14,163,623	13,403,104	(760,519)
Fines and forfeitures	2,239,600	2,239,600	2,005,843	(233,757)
Licenses and permits	2,971,307	2,971,307	3,323,551	352,244
Investment earnings	776,756	776,756	341,620	(435,136)
Other revenue	303,484	303,484	106,101	(197,383)
Total revenue	161,636,301	158,335,866	174,722,814	16,386,948
Expenditures				
Current services:				
General government	44,241,494	45,603,881	36,696,761	8,907,120
Public safety	99,784,196	108,077,130	105,249,439	2,827,691
Public works	5,702,244	5,746,896	4,901,998	844,898
Urban and community development	6,899,327	8,848,996	6,297,715	2,551,281
Total expenditures	156,627,261	168,276,903	153,145,913	15,130,990
Excess of Revenue Over (Under) Expenditures	5,009,040	(9,941,037)	21,576,901	31,517,938
Other Financing Sources (Uses)				
Transfers in	1,644,280	1,644,280	1,608,794	(35,486)
Transfers out	(9,027,593)	(13,601,679)	(13,384,173)	217,506
SBITAs entered into	-	-	131,420	131,420
Budgeted appropriation lapse	4,900,000	4,900,000	-	(4,900,000)
Contingencies	(2,500,000)	-	-	-
Total other financing uses	(4,983,313)	(7,057,399)	(11,643,959)	(4,586,560)
Net Change in Fund Balance	25,727	(16,998,436)	9,932,942	26,931,378
Fund Balance - Beginning of year	98,354,740	98,354,740	98,354,740	-
Fund Balance - End of year	<u>\$ 98,380,467</u>	<u>\$ 81,356,304</u>	<u>\$ 108,287,682</u>	<u>\$ 26,931,378</u>

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Income taxes	\$ 12,187,381	\$ 12,187,381	\$ 14,841,693	\$ 2,654,312
Intergovernmental:				
Federal grants	528,000	528,000	539,705	11,705
State-shared taxes	21,146,513	21,646,513	22,887,523	1,241,010
Other grants and contributions	-	-	25,000	25,000
Charges for services	2,401,246	2,401,246	3,314,888	913,642
Investment earnings (losses)	97,342	97,342	(44,757)	(142,099)
Other revenue	64,500	497,740	211,233	(286,507)
Total revenue	36,424,982	37,358,222	41,775,285	4,417,063
Expenditures				
Current services - Public works	14,747,702	15,572,803	14,773,181	799,622
Capital outlay	7,514,953	5,607,632	6,293,640	(686,008)
Debt service:				
Principal	2,340,000	2,340,000	2,340,000	-
Interest and fiscal charges	533,160	533,160	531,827	1,333
Total expenditures	25,135,815	24,053,595	23,938,648	114,947
Excess of Revenue Over Expenditures	11,289,167	13,304,627	17,836,637	4,532,010
Other Financing Sources (Uses)				
Transfers in	684,870	834,870	562,135	(272,735)
Transfers out	(11,546,892)	(15,575,450)	(14,384,035)	1,191,415
SBITAs entered into	-	-	226,599	226,599
Budgeted appropriation lapse	385,161	385,161	-	(385,161)
Total other financing uses	(10,476,861)	(14,355,419)	(13,595,301)	760,118
Net Change in Fund Balance	812,306	(1,050,792)	4,241,336	5,292,128
Fund Balance - Beginning of year	17,410,088	17,410,088	17,410,088	-
Fund Balance - End of year	<u><u>\$ 18,222,394</u></u>	<u><u>\$ 16,359,296</u></u>	<u><u>\$ 21,651,424</u></u>	<u><u>\$ 5,292,128</u></u>

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental - State-shared taxes	\$ 5,723,262	\$ 5,723,262	\$ 5,959,287	\$ 236,025
Charges for services	653,619	653,619	807,519	153,900
Investment earnings (losses)	5,366	5,366	(16,982)	(22,348)
Other revenue	4,000	4,000	14,272	10,272
Total revenue	6,386,247	6,386,247	6,764,096	377,849
Expenditures				
Current services - Public works	5,323,038	5,369,727	4,676,468	693,259
Capital outlay	1,962,318	4,518,276	3,937,363	580,913
Total expenditures	7,285,356	9,888,003	8,613,831	1,274,172
Excess of Expenditures Over Revenue	(899,109)	(3,501,756)	(1,849,735)	1,652,021
Other Financing Sources (Uses)				
Transfers in	1,455,000	3,955,000	2,744,200	(1,210,800)
Transfers out	(400,000)	(543,802)	(196,247)	347,555
SBITAs entered into	-	-	33,872	33,872
Budgeted appropriation lapse	138,108	138,108	-	(138,108)
Total other financing sources	1,193,108	3,549,306	2,581,825	(967,481)
Net Change in Fund Balance	293,999	47,550	732,090	684,540
Fund Balance - Beginning of year	3,297,643	3,297,643	3,297,643	-
Fund Balance - End of year	<u><u>\$ 3,591,642</u></u>	<u><u>\$ 3,345,193</u></u>	<u><u>\$ 4,029,733</u></u>	<u><u>\$ 684,540</u></u>

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

	Last Nine Fiscal Years*								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 11,755,473	\$ 10,109,359	\$ 9,269,719	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069	\$ 7,794,219
Interest	41,634,797	40,340,298	38,670,466	37,279,003	35,724,491	34,356,315	32,676,161	29,375,231	28,440,421
Changes in benefit terms	109,480	-	-	-	-	-	114,084	-	-
Differences between expected and actual experience	14,806,552	7,963,985	2,397,342	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107	2,978,624
Changes in assumptions	-	17,216,930	16,339,734	-	-	5,497,995	1,551,086	35,683,769	-
Benefit payments, including refunds	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Net Change in Total Pension Liability	29,365,742	42,707,541	36,294,717	20,687,635	21,759,225	27,030,203	20,833,281	57,121,874	18,109,477
Total Pension Liability - Beginning of year	630,404,345	587,696,804	551,402,087	530,714,452	508,955,227	481,925,024	461,091,743	403,969,869	385,860,392
Total Pension Liability - End of year	\$ 659,770,087	\$ 630,404,345	\$ 587,696,804	\$ 551,402,087	\$ 530,714,452	\$ 508,955,227	\$ 481,925,024	\$ 461,091,743	\$ 403,969,869
Plan Fiduciary Net Position									
Contributions - Employer	\$ 13,124,901	\$ 11,660,533	\$ 10,716,480	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297	\$ 6,331,848
Contributions - Member	5,927,247	5,930,546	5,379,200	5,832,668	5,313,127	5,114,841	4,929,842	4,557,165	4,563,692
Net investment (loss) income	(63,118,350)	83,738,143	44,596,181	71,134,823	(24,672,147)	53,740,592	25,712,944	(9,083,712)	29,390,902
Administrative expenses	(622,188)	(550,780)	(576,813)	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)	(523,607)
Benefit payments, including refunds	(38,940,560)	(32,923,031)	(30,382,544)	(27,730,677)	(27,404,159)	(24,813,135)	(29,360,462)	(32,082,302)	(21,103,787)
Other	(52,798)	(46,903)	(56,632)	(44,775)	(45,967)	(2)	-	-	(15,065)
Net Change in Plan Fiduciary Net Position	(83,681,748)	67,808,508	29,675,872	58,271,807	(37,990,353)	42,373,095	7,906,398	(31,559,916)	18,643,983
Plan Fiduciary Net Position - Beginning of year	543,311,869	475,503,361	445,827,489	387,555,682	425,546,035	383,172,940	375,266,542	406,826,458	388,182,475
Plan Fiduciary Net Position - End of year	\$ 459,630,121	\$ 543,311,869	\$ 475,503,361	\$ 445,827,489	\$ 387,555,682	\$ 425,546,035	\$ 383,172,940	\$ 375,266,542	\$ 406,826,458
City's Net Pension Liability (Asset) - Ending	\$ 200,139,966	\$ 87,092,476	\$ 112,193,443	\$ 105,574,598	\$ 143,158,770	\$ 83,409,192	\$ 98,752,084	\$ 85,825,201	\$ (2,856,589)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.67 %	86.18 %	80.91 %	80.85 %	73.03 %	83.61 %	79.51 %	81.39 %	100.71 %
Covered Payroll	\$ 42,471,823	\$ 41,018,362	\$ 40,201,129	\$ 39,566,105	\$ 38,122,879	\$ 38,919,488	\$ 38,129,771	\$ 36,827,593	\$ 35,710,964
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	471.23 %	212.33 %	279.08 %	266.83 %	375.52 %	214.31 %	258.99 %	233.05 %	(8.00)%

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

Required Supplementary Information
Schedule of Pension Contributions
Police and Fire Retirement System

Last Ten Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 14,721,697	\$ 12,069,649	\$ 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	14,721,697	12,069,649	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	\$ 44,558,799	\$ 42,078,339	\$ 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	33.04 %	28.68 %	28.01 %	24.95 %	24.79 %	23.66 %	23.94 %	14.74 %	16.33 %	19.14 %

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
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods (25-30 years as of December 31, 2020)
Asset valuation method	5-year smoothed market
Inflation	3.00 percent wage - 2.25 percent price inflation
Salary increase	3.00 percent - 20.00 percent, including inflation
Investment rate of return	7.00 percent compounded annually
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Amount-Weighted, Public Safety, Male and Female tables, with a base year of 2010 and future mortality improvement projected using scale MP-2019 on a fully generational basis
Cost of living adjustments after retirement	Ad hoc "13th check" tied to plan investments 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 Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
General Retirement System

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	\$ 4,001,976	\$ 4,206,804	\$ 4,576,153	\$ 4,657,970	\$ 5,016,826	\$ 5,161,510	\$ 5,546,388	\$ 6,348,067	\$ 6,904,650	\$ 7,294,537
Interest	38,200,989	37,960,117	36,699,090	36,626,148	36,420,065	36,025,286	35,127,721	33,287,484	33,394,709	32,920,147
Changes in benefit terms	-	-	-	-	-	-	-	20,882	-	-
Differences between expected and actual experience	4,141,442	(1,383,882)	(945,207)	(2,877,132)	(2,335,969)	(971,718)	6,361,929	10,083,648	(7,420,169)	(6,012,166)
Changes in assumptions	14,430,114	-	12,565,643	7,963,218	5,213,623	(1,495,183)	-	29,733,502	-	-
Benefit payments, including refunds	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)	(27,152,432)
Net Change in Total Pension Liability	21,125,686	5,952,675	18,333,379	12,311,713	9,918,970	6,710,837	10,118,312	39,620,153	4,671,478	7,050,086
Total Pension Liability - Beginning of year	563,551,840	557,599,165	539,265,786	526,954,073	517,035,103	510,324,266	500,205,954	460,585,801	455,914,323	448,864,237
Total Pension Liability - End of year	\$ 584,677,526	\$ 563,551,840	\$ 557,599,165	\$ 539,265,786	\$ 526,954,073	\$ 517,035,103	\$ 510,324,266	\$ 500,205,954	\$ 460,585,801	\$ 455,914,323
Plan Fiduciary Net Position										
Contributions - Employer	\$ 12,568,944	\$ 11,284,613	\$ 11,325,243	\$ 12,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions - Member	2,373,612	2,523,078	2,595,588	2,677,960	2,832,479	3,012,472	3,428,169	3,473,382	3,737,014	3,933,341
Net investment (loss) income	(27,476,181)	107,922,370	5,494,862	21,371,497	29,177,311	38,296,115	289,104	11,478,680	65,337,996	44,058,818
Administrative expenses	(592,461)	(558,139)	(605,388)	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)	(523,086)	(476,059)
Benefit payments, including refunds	(39,648,835)	(34,830,364)	(34,562,300)	(34,058,491)	(34,395,575)	(32,009,058)	(36,917,726)	(39,853,430)	(28,207,712)	(27,152,432)
Other	(47,768)	(45,847)	(54,466)	-	-	-	-	-	(21,741)	(15,873)
Net Change in Plan Fiduciary Net Position	(52,822,689)	86,295,711	(15,806,461)	2,315,141	7,731,107	18,979,043	(24,474,244)	(14,141,533)	49,093,503	28,483,638
Plan Fiduciary Net Position - Beginning of year	489,704,302	403,408,591	419,215,052	416,899,911	409,168,804	390,189,761	414,664,005	428,805,538	379,712,035	351,228,397
Plan Fiduciary Net Position - End of year	\$ 436,881,613	\$ 489,704,302	\$ 403,408,591	\$ 419,215,052	\$ 416,899,911	\$ 409,168,804	\$ 390,189,761	\$ 414,664,005	\$ 428,805,538	\$ 379,712,035
City's Net Pension Liability - Ending	\$ 147,795,913	\$ 73,847,538	\$ 154,190,574	\$ 120,050,734	\$ 110,054,162	\$ 107,866,299	\$ 120,134,505	\$ 85,541,949	\$ 31,780,263	\$ 76,202,288
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.72 %	86.90 %	72.35 %	77.74 %	79.12 %	79.14 %	76.46 %	82.90 %	93.10 %	83.29 %
Covered Payroll	\$ 26,760,793	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
City's Net Pension Liability as a Percentage of Covered Payroll	552.29 %	267.01 %	534.03 %	404.27 %	355.59 %	320.58 %	335.95 %	222.23 %	78.45 %	174.04 %

Required Supplementary Information
Schedule of Pension Contributions
General Retirement System

Last Ten Fiscal Years Years Ended June 30										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 11,918,613	\$ 12,568,944	\$ 11,284,613	\$ 10,325,243	\$ 9,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032
Contributions in relation to the actuarially determined contribution	11,918,613	12,568,944	11,284,613	11,325,243	12,920,265	10,673,034	10,237,538	9,295,104	11,327,704	8,771,032
Contribution Excess	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 25,739,793	\$ 26,760,793	\$ 27,657,053	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955
Contributions as a Percentage of Covered Payroll	46.30 %	46.97 %	40.80 %	39.22 %	43.51 %	34.48 %	30.43 %	25.99 %	29.43 %	21.65 %

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 percentage of payroll, closed
Remaining amortization period	Multiple periods (25-30 years as of June 30, 2021)
Asset valuation method	5-year smoothed market
Inflation	2.25 percent - No explicit price inflation assumption is used in this valuation
Salary increase	3.00 - 8.00 percent, plus up to 4.00 percent depending on service, including wage inflation at 3.00 percent
Investment rate of return	7.00 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	Pub-2010 Amount-Weighted General Mortality Tables, with a base year of 2010 and future mortality improvements projected using MP-2019
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 Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
General Retiree Health Care Plan

	Last Seven Plan Fiscal Years*						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 382,721	\$ 462,915	\$ 660,142	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest	1,359,738	1,558,985	1,616,466	2,171,878	2,660,640	2,729,890	2,815,223
Differences between expected and actual experience	(4,095,291)	(4,272,314)	(2,142,892)	(12,678,006)	(6,625,742)	(685,529)	(72,851)
Changes in assumptions	504,373	385,336	657,341	1,000,494	(3,375,513)	-	-
Benefit payments, including refunds	(2,216,876)	(1,942,538)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Total OPEB Liability	(4,065,335)	(3,807,616)	(950,600)	(11,629,362)	(10,086,114)	(2,068,861)	(2,042,512)
Total OPEB Liability - Beginning of year	28,111,853	31,919,469	32,870,069	44,499,431	54,585,545	56,654,406	58,696,918
Total OPEB Liability - End of year	\$ 24,046,518	\$ 28,111,853	\$ 31,919,469	\$ 32,870,069	\$ 44,499,431	\$ 54,585,545	\$ 56,654,406
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,562,491	\$ 2,094,675	\$ 2,444,430	\$ 3,761,766	\$ 5,742,193	\$ 5,510,302	\$ 5,068,952
Federal grants	-	99,464	36,078	-	-	-	479,082
Net investment income (loss)	1,127,292	(2,084,025)	3,526,908	370,640	382,690	604,119	907,367
Administrative expenses	(181,563)	(198,400)	(172,387)	(182,840)	(161,545)	(177,180)	(172,119)
Benefit payments, including refunds	(2,216,876)	(1,942,538)	(1,741,657)	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
Net Change in Plan Fiduciary Net Position	291,344	(2,030,824)	4,093,372	1,200,306	2,315,042	755,385	416,848
Plan Fiduciary Net Position - Beginning of year	16,164,064	18,194,888	14,101,516	12,901,210	10,586,168	9,830,783	9,413,935
Plan Fiduciary Net Position - End of year	\$ 16,455,408	\$ 16,164,064	\$ 18,194,888	\$ 14,101,516	\$ 12,901,210	\$ 10,586,168	\$ 9,830,783
Net OPEB Liability - Ending	\$ 7,591,110	\$ 11,947,789	\$ 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	68.43 %	57.50 %	57.00 %	42.90 %	28.99 %	19.39 %	17.35 %
Covered Payroll	\$ 65,873,077	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Net OPEB Liability as a Percentage of Covered Payroll	11.52 %	19.49 %	22.90 %	33.12 %	58.09 %	86.03 %	96.75 %

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

Required Supplementary Information
Schedule of OPEB Contributions - General Retiree Health Care Plan

	Last Seven Fiscal Years*						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,472,498	\$ 1,998,342	\$ 2,215,019	\$ 3,421,489	\$ 5,288,487	\$ 5,328,910	\$ 5,071,594
Contributions in relation to the actuarially determined contribution	1,562,491	2,194,139	2,480,508	3,761,766	5,742,193	5,510,302	5,068,952
Contribution Excess (Deficiency)	\$ 89,993	\$ 195,797	\$ 265,489	\$ 340,277	\$ 453,706	\$ 181,392	\$ (2,642)
Covered Payroll	\$ 65,873,077	\$ 61,308,381	\$ 59,945,337	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Contributions as a Percentage of Covered Payroll	2.37 %	3.58 %	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	17 years
Asset valuation method	Funding value of assets
Inflation	No explicit price inflation assumption used
Health care cost trend rates	7.50 percent gradually decreasing to 3.5 percent in year 12
Salary increase	3.00 percent to 7.16 percent, including inflation
Investment rate of return	5.00 percent, net of OPEB plan investments expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, General, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019
	Healthy Post-Retirement: The Pub-2010 Amount-Weighted, General, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The Pub-2010 Amount-Weighted, General, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Seven Fiscal Years*						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	7.04 %	(11.71)%	25.41 %	2.34 %	2.93 %	5.73 %	10.33 %

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

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

	Last Seven Plan Fiscal Years*						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 472,567	\$ 595,782	\$ 690,578	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest	1,898,884	2,257,795	2,216,149	2,813,960	3,201,058	3,188,792	3,056,154
Differences between expected and actual experience	(4,302,013)	(7,870,484)	(1,363,025)	(14,875,348)	(5,847,660)	(2,242,917)	246,949
Changes in assumptions	737,276	564,560	1,674,298	1,586,120	(3,931,708)	-	-
Benefit payments, including refunds	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Net Change in Total OPEB Liability	(4,150,236)	(6,841,945)	931,658	(11,841,412)	(7,539,488)	505,971	2,442,321
Total OPEB Liability - Beginning of year	39,210,570	46,052,515	45,120,857	56,962,269	64,501,757	63,995,786	61,553,465
Total OPEB Liability - End of year	\$ 35,060,334	\$ 39,210,570	\$ 46,052,515	\$ 45,120,857	\$ 56,962,269	\$ 64,501,757	\$ 63,995,786
Plan Fiduciary Net Position							
Contributions - Employer	\$ 258,037	\$ 1,184,482	\$ 1,378,330	\$ 2,786,728	\$ 4,099,293	\$ 4,251,612	\$ 4,319,030
Federal grants	-	73,713	70,268	-	-	-	256,022
Net investment income (loss)	2,733,240	(5,348,951)	10,122,593	944,532	1,064,305	2,300,896	3,173,248
Administrative expenses	(193,112)	(236,617)	(199,014)	(173,855)	(142,446)	(143,142)	(123,462)
Benefit payments, including refunds	(2,956,950)	(2,389,598)	(2,286,342)	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
Other	(891)	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(159,676)	(6,716,971)	9,085,835	1,386,590	2,821,081	4,482,760	5,173,753
Plan Fiduciary Net Position - Beginning of year	40,326,994	47,043,965	37,958,130	36,571,540	33,750,459	29,267,699	24,093,946
Plan Fiduciary Net Position - End of year	\$ 40,167,318	\$ 40,326,994	\$ 47,043,965	\$ 37,958,130	\$ 36,571,540	\$ 33,750,459	\$ 29,267,699
Net OPEB (Asset) Liability - Ending	\$ (5,106,984)	\$ (1,116,424)	\$ (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	114.57 %	102.85 %	102.15 %	84.13 %	64.20 %	52.32 %	45.73 %
Covered Payroll	\$ 29,616,489	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Net OPEB (Asset) Liability as a Percentage of Covered Payroll	(17.24)%	(3.97)%	(3.69)%	27.85 %	79.74 %	124.44 %	142.50 %

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

Required Supplementary Information
Schedule of OPEB Contributions - Police Retiree Health Care Plan

	Last Seven Fiscal Years*						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 305,193	\$ 1,201,211	\$ 1,253,244	\$ 2,648,182	\$ 3,841,765	\$ 4,207,504	\$ 4,192,648
Contributions in relation to the actuarially determined contribution	258,037	1,258,195	1,448,598	2,786,728	4,099,293	4,251,612	4,319,030
Contribution (Deficiency) Excess	\$ (47,156)	\$ 56,984	\$ 195,354	\$ 138,546	\$ 257,528	\$ 44,108	\$ 126,382
Covered Payroll	\$ 29,616,489	\$ 28,134,282	\$ 26,833,251	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Contributions as a Percentage of Covered Payroll	0.87 %	4.47 %	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	17 years
Asset valuation method	Actuarial value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	7.75 percent gradually decreasing to 3.5 percent in year 12
Salary increase	4.00 percent to 20.00 percent, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019
	Healthy Post-Retirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019
	Disability Retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Seven Fiscal Years* Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	6.98 %	(11.54)%	26.87 %	2.33 %	2.81 %	7.31 %	12.99 %

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

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

	Last Seven Plan Fiscal Years*						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 687,344	\$ 767,927	\$ 784,961	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest	1,185,143	1,349,793	1,358,995	1,683,852	2,018,137	1,956,635	1,905,021
Differences between expected and actual experience	(2,775,415)	(3,601,760)	(1,830,266)	(7,774,257)	(4,759,934)	289,730	129,028
Changes in assumptions	453,132	328,772	1,407,146	916,082	(2,544,676)	-	-
Benefit payments, including refunds	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Total OPEB Liability	(2,552,868)	(3,247,129)	20,025	(6,904,097)	(6,355,151)	1,282,361	994,533
Total OPEB Liability - Beginning of year	24,410,717	27,657,846	27,637,821	34,541,918	40,897,069	39,614,708	38,620,175
Total OPEB Liability - End of year	\$ 21,857,849	\$ 24,410,717	\$ 27,657,846	\$ 27,637,821	\$ 34,541,918	\$ 40,897,069	\$ 39,614,708
Plan Fiduciary Net Position							
Contributions - Employer	\$ 798,652	\$ 1,346,555	\$ 1,421,902	\$ 2,106,558	\$ 2,945,869	\$ 2,999,906	\$ 3,143,699
Federal grants	-	167,426	29,313	-	-	-	187,749
Net investment income (loss)	1,483,008	(2,883,885)	5,323,922	487,782	586,976	1,327,855	1,864,124
Administrative expenses	(131,173)	(167,778)	(140,797)	(138,589)	(116,428)	(111,952)	(100,096)
Benefit payments - Net of retiree premiums	(2,103,072)	(2,091,861)	(1,700,811)	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
Net Change in Plan Fiduciary Net Position	47,415	(3,629,543)	4,933,529	(32,215)	1,242,252	1,959,013	2,773,899
Plan Fiduciary Net Position - Beginning of year	21,670,742	25,300,285	20,366,756	20,398,971	19,156,719	17,197,706	14,423,807
Plan Fiduciary Net Position - End of year	\$ 21,718,157	\$ 21,670,742	\$ 25,300,285	\$ 20,366,756	\$ 20,398,971	\$ 19,156,719	\$ 17,197,706
Net OPEB Liability - Ending	\$ 139,692	\$ 2,739,975	\$ 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	99.36 %	88.78 %	91.48 %	73.69 %	59.06 %	46.84 %	43.41 %
Covered Payroll	\$ 20,554,957	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Net OPEB Liability as a Percentage of Covered Payroll	0.68 %	14.06 %	12.86 %	43.82 %	86.85 %	138.66 %	145.47 %

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

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

	Last Seven Fiscal Years*						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 880,770	\$ 1,309,321	\$ 1,250,219	\$ 2,033,496	\$ 2,863,499	\$ 2,907,020	\$ 3,036,781
Actual contribution	798,652	1,513,981	1,451,215	2,106,558	2,945,869	2,999,906	3,143,699
Contribution (Deficiency) Excess	\$ (82,118)	\$ 204,660	\$ 200,996	\$ 73,062	\$ 82,370	\$ 92,886	\$ 106,918
Covered Payroll	\$ 20,554,957	\$ 19,494,547	\$ 18,336,826	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Contributions as a Percentage of Covered Payroll	3.89 %	7.77 %	7.91 %	12.69 %	18.09 %	19.13 %	20.40 %

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

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age, normal cost
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	Fair value of assets
Inflation	No explicit price inflation assumption is used
Health care cost trend rates	7.50 percent gradually decreasing to 3.5 percent in year 12
Projected salary increase	4.00 - 20.00 percent, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010 Amount-Weighted, Safety, Employee, Male and Female tables, a base year of 2010 and future mortality improvements projected using scale MP-2019 Healthy Post-Retirement: The Pub-2010 Amount-Weighted, Safety, Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019 Disability Retirement: The Pub-2010 Amount-Weighted, Safety, Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019

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

	Last Seven Fiscal Years*						
	Years Ended June 30						
	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	7.04 %	(11.56)%	26.34 %	2.17 %	2.74 %	7.22 %	12.99 %

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

June 30, 2023***Pension Information*****Changes in Assumptions**

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

General Retirement System: In 2022, the assumed rate of return was reduced from 7.00 percent to 6.75 percent. In 2020, the assumed rate of return was reduced from 7.15 percent to 7.00 percent. In 2019, the assumed rate of return was reduced from 7.25 percent to 7.15 percent. In 2018, the inflation rate assumption was reduced from 2.75 percent to 2.5 percent. In 2016, the assumed rate of return was reduced from 7.50 percent to 7.25 percent, a new mortality table was adopted, and demographic assumptions for retirement and withdrawal patterns were updated.

Significant Changes to the Plan

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

OPEB Information**Changes in Assumptions**

General Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation rate related to the plan in the City's fiscal year 2023.

Police Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation rate related to the plan in the City's fiscal year 2023.

Fire Retiree Health Care Plan: There was a reduction in the load factor for children of retirees and a reduction in the contingency load for possible future costs related to the Cadillac tax for the plan fiscal year 2019; this is reflected in the City's fiscal year 2020. There was an increase in the health care cost trend rate related to the plan fiscal year 2020; this is reflected in the City's fiscal year 2021. There was a decrease in the projected salary increase as well as a change in the mortality table in the City's fiscal year 2022. There was a decrease in the inflation trend rate related to the plan in the City's fiscal year 2023.

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Other Supplementary Information

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Budgetary Comparison Schedule, General Operating Fund Expenditures

June 30, 2023

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 4,364,411	\$ 4,773,201	\$ 4,768,092	\$ 5,109
Comptroller's Office	2,826,080	2,858,518	2,643,448	215,070
Fiscal Services	8,464,407	8,908,328	7,352,642	1,555,686
Clerk's Office	2,662,301	2,796,595	2,538,475	258,120
Technology and Change Management	-	-	-	-
Treasury	2,396,091	2,430,337	2,267,348	162,989
Attorney's Office	3,278,081	3,329,790	3,094,437	235,353
Human Resources	3,352,975	3,390,305	3,268,161	122,144
Administrative Support	1,583,341	1,675,394	1,368,942	306,452
Other general government	15,313,807	15,441,413	9,395,216	6,046,197
Total General Government	44,241,494	45,603,881	36,696,761	8,907,120
Public Safety:				
Police	56,798,923	60,136,122	58,263,614	1,872,508
Dispatch	6,326,823	6,372,513	6,170,712	201,801
Oversight and Public Accountability	1,713,034	2,066,028	1,518,753	547,275
Fire	34,945,416	39,502,467	39,296,360	206,107
Total Public Safety	99,784,196	108,077,130	105,249,439	2,827,691
Public Works				
Enterprise Services	5,702,244	5,746,896	4,901,998	844,898
Total Public Works	5,702,244	5,746,896	4,901,998	844,898
Urban Development:				
Community Development	4,302,531	4,486,947	3,833,275	653,672
Design, Development and Comm. Engagement	2,596,796	4,362,049	2,464,440	1,897,609
Total Urban Development	6,899,327	8,848,996	6,297,715	2,551,281
Non-departmental				
Budgeted appropriation lapse	(4,900,000)	(4,900,000)	-	(4,900,000)
Contingencies	2,500,000	-	-	-
Transfers to other funds	9,027,593	13,601,679	13,384,173	217,506
Total non-departmental	6,627,593	8,701,679	13,384,173	(4,682,494)
Total charges to appropriations	\$ 163,254,854	\$ 176,978,582	\$ 166,530,086	\$ 10,448,496

Special Revenue Funds

Library - Operations for main library and seven branches; funding primarily provided by millage and state grants

Refuse Collection - Operations for the collection and removal of trash and debris; financing provided by tax millage and pay-as-you-throw cart program

Parks and Recreation - Operations for city-owned parks and recreation programs; includes 2013 parks millage

Opioid Settlement - Funds received from ongoing litigation surrounding opioid epidemic

Grants - Federal and/or state funds received for specified city use, including community development, police, and fire

Michigan Justice Training - State funding provided to the City for criminal justice in-service training of police officers; requires approval from Michigan Commission on Law Enforcement Standards

Vehicle Storage Facility - Revenue and expenditures associated with the safe storage and disposal of impounded and/or abandoned vehicles

Property Management - Funds held for the maintenance and sale of tax reverted properties; managed by economic development department

Building Inspections - State-required fund (P.A. 245 of 1999); fee charges for building inspections, licensing, and permitting used only for operations of the enforcing agency

Michigan Indigent Defense Commission - State-required fund created to establish and enforce new standards for indigent legal services

Sidewalk Repair - Receives portion of funds from vital streets income tax for sidewalk repair, improvement, and reconstruction

Drug Law Enforcement - Funds received from the sales of forfeited property and can only be used to enhance drug enforcement laws

General Special Revenue - Miscellaneous funds received from private contributions and/or endowments for specified use within the City; includes historical commission

Economic Development - Operations to assist and retain local industries and commercial enterprises and to strengthen and encourage city growth

Downtown Improvement District - Funds to support daily sidewalk cleaning, landscaping, and beautification of urban core areas; program administered by Downtown Grand Rapids Inc.

Uptown Business Improvement District - Funds to promote and encourage economic vitality and growth within specified business districts; includes East Hills, East Fulton, Eastown, and Wealthy Street business districts

Debt Service Fund

Grand Rapids Building Authority - Accounts for the financing of the interest and retirement of principal of general long-term debt

Capital Project Funds

Vital Streets Capital Construction - Funds used for preventive maintenance, rehabilitation, and reconstruction projects

Streets Capital Construction - Funds used for traffic safety, street resurfacing, and street reconstruction projects

Permanent Fund

Cemetery Perpetual Care - Except for certain capital items, these funds are not expendable; however, the interest earned is transferred to the Cemetery Operating Fund for use in the care and maintenance of the City's six cemeteries.

City of Grand Rapids

Special Revenue Funds										
	Library	Refuse Collection	Parks and Recreation	Opioid Settlement	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Assets										
Equity in pooled cash and investments	\$ 6,799,734	\$ 7,254,463	\$ 6,478,263	\$ 803,821	\$ 5,014,312	\$ 175,144	\$ 940,905	\$ 233,214	\$ 6,819,180	\$ 531,323
Receivables:										
Receivables - Net	50,322	273,841	316,582	3,291,747	26,698	77	9,163	6,163	400,224	1,088
Due from other governments	-	-	-	-	2,496,178	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Lease receivable	56,488	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,906,544	\$ 7,528,304	\$ 6,794,845	\$ 4,095,568	\$ 7,537,188	\$ 175,221	\$ 950,068	\$ 239,377	\$ 7,219,404	\$ 532,411
Liabilities										
Vouchers and accounts payable	\$ 247,627	\$ 614,662	\$ 1,941,431	\$ -	\$ 1,084,528	\$ -	\$ 75,330	\$ 36,867	\$ 21,172	\$ 116,156
Unearned revenue	-	-	-	-	1,750,286	-	-	-	-	178,207
Customer deposits	-	1,258,193	379	-	6,000	-	-	-	-	-
Total liabilities	247,627	1,872,855	1,941,810	-	2,840,814	-	75,330	36,867	21,172	294,363
Deferred Inflows of Resources -										
Unavailable revenue	56,242	223,900	285,000	3,186,064	1,090,858	-	-	5,009	374,004	-
Total liabilities and deferred inflows of resources	303,869	2,096,755	2,226,810	3,186,064	3,931,672	-	75,330	41,876	395,176	294,363
Fund Balances										
Nonspendable:										
Inventory	-	-	-	-	-	-	-	-	-	-
Nonexpendable trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Grants	-	-	-	-	-	-	-	-	-	238,048
Opioid settlement	-	-	-	909,504	-	-	-	-	-	-
Public safety	-	-	-	-	-	175,221	-	-	-	-
Urban and community development	-	-	-	-	3,605,516	-	-	-	-	-
Culture and recreation	441,089	-	2,960	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Ensuing budget year	-	-	-	-	-	-	-	9,768	-	-
Culture and recreation	5,469,040	-	4,124,408	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	185,120	6,456,376	-
Public works	-	4,993,932	-	-	-	-	857,267	-	-	-
Compensated absences	678,276	437,617	440,667	-	-	-	17,471	2,613	367,852	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Total fund balances	6,602,675	5,431,549	4,568,035	909,504	3,605,516	175,221	874,738	197,501	6,824,228	238,048
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,906,544	\$ 7,528,304	\$ 6,794,845	\$ 4,095,568	\$ 7,537,188	\$ 175,221	\$ 950,068	\$ 239,377	\$ 7,219,404	\$ 532,411

Other Supplementary Information

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2023

Special Revenue Funds						Debt Service Fund	Capital Project Funds		Permanent Fund	Total
Sidewalk Repair	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	
\$ 2,151,385	\$ 1,714,683	\$ 178,255	\$ 422,698	\$ 655,852	\$ 39,925	\$ 1,650,175	\$ 9,704,438	\$ 8,185,628	\$ 4,800,487	\$ 64,553,885
243,567	4,227	79	59,592	4,036	365	-	182,094	7,348	3,332	4,880,545
-	-	-	-	-	-	-	-	-	-	2,496,178
-	-	-	-	-	-	-	-	-	17,152	17,152
-	-	-	-	-	-	-	-	-	-	56,488
\$ 2,394,952	\$ 1,718,910	\$ 178,334	\$ 482,290	\$ 659,888	\$ 40,290	\$ 1,650,175	\$ 9,886,532	\$ 8,192,976	\$ 4,820,971	\$ 72,004,248
\$ 339,085	\$ 83,553	\$ -	\$ 4,092	\$ 84,893	\$ 5,988	\$ -	\$ 1,635,364	\$ -	\$ -	\$ 6,290,748
-	-	-	-	-	-	-	-	5,000,000	-	6,928,493
-	-	-	-	-	-	-	-	-	-	1,264,572
339,085	83,553	-	4,092	84,893	5,988	-	1,635,364	5,000,000	-	14,483,813
3,210	-	-	58,042	-	-	-	-	-	1,013	5,283,342
342,295	83,553	-	62,134	84,893	5,988	-	1,635,364	5,000,000	1,013	19,767,155
-	-	-	-	-	-	-	-	-	17,152	17,152
-	-	-	-	-	-	-	-	-	3,158,418	3,172,688
-	-	-	-	-	-	-	-	-	-	238,048
-	-	-	-	-	-	-	-	-	-	909,504
-	1,635,357	-	-	-	-	-	-	-	-	1,810,578
-	-	-	-	574,995	34,302	-	-	-	-	4,214,813
-	-	123,678	-	-	-	-	-	-	-	567,727
-	-	-	-	-	-	-	8,251,168	3,192,976	-	11,444,144
-	-	-	-	-	-	-	-	-	1,644,388	1,644,388
-	-	-	9,664	-	-	-	-	-	-	19,432
-	-	54,656	-	-	-	-	-	-	-	9,648,104
-	-	-	408,092	-	-	-	-	-	-	7,049,588
1,991,847	-	-	-	-	-	-	-	-	-	7,843,046
60,810	-	-	2,400	-	-	-	-	-	-	2,007,706
-	-	-	-	-	-	1,650,175	-	-	-	1,650,175
2,052,657	1,635,357	178,334	420,156	574,995	34,302	1,650,175	8,251,168	3,192,976	4,819,958	52,237,093
\$ 2,394,952	\$ 1,718,910	\$ 178,334	\$ 482,290	\$ 659,888	\$ 40,290	\$ 1,650,175	\$ 9,886,532	\$ 8,192,976	\$ 4,820,971	\$ 72,004,248

City of Grand Rapids

	Special Revenue Funds									
	Library	Refuse Collection	Parks and Recreation	Opioid Settlement	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	Michigan Indigent Defense Commission
Revenue										
Taxes:										
Property taxes	\$12,250,001	\$ 8,571,176	\$ 6,363,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Federal grants	-	-	18,927	-	9,838,493	-	-	-	-	-
State sources	458,251	158,846	363,801	-	-	44,404	-	-	-	1,496,176
Other grants and contributions	311,546	-	360,093	-	2,720,402	-	-	-	-	-
Charges for services	50,395	8,880,695	692,083	-	1,497,590	-	889,252	9,877	304,570	72,009
Fines and forfeitures	31,360	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	4,830,122	-
Investment (losses) earnings:										
Unrealized (loss) gain on investments	(204,467)	(135,972)	(238,174)	-	2,060	7,943	(31,620)	4,481	(150,463)	(14,732)
Interest income	321,237	265,293	220,105	-	-	3,303	23,962	7,956	176,302	8,218
Other revenue:										
Miscellaneous	-	530	47,247	909,504	(352)	-	-	-	1,445	-
Property sales	-	-	-	-	-	-	-	16,570	-	-
Total revenue	13,218,323	17,740,568	7,827,159	909,504	14,058,193	55,650	881,594	38,884	5,161,976	1,561,671
Expenditures										
Current services:										
General government	-	-	-	-	439,752	-	747,038	-	-	1,427,018
Public safety	-	-	-	-	1,921,055	40,787	-	-	-	-
Public works	-	16,886,540	-	-	247,310	-	-	-	-	-
Urban and community development	-	-	-	-	9,526,666	-	-	505,429	4,998,447	-
Recreation and culture	12,168,610	-	15,700,717	-	7,787	-	-	-	-	-
Capital outlay	1,906,265	40,434	161,338	-	-	-	-	-	-	-
Debt service:										
Principal	5,021	175,798	-	-	-	-	-	36,667	-	-
Interest and fiscal charges	4	6,482	-	-	-	-	-	9,588	-	-
Total expenditures	14,079,900	17,109,254	15,862,055	-	12,142,570	40,787	747,038	551,684	4,998,447	1,427,018
Excess of Revenue (Under) Over Expenditures	(861,577)	631,314	(8,034,896)	909,504	1,915,623	14,863	134,556	(512,800)	163,529	134,653
Other Financing Sources (Uses)										
Transfers in	-	-	7,328,857	-	3,212,797	-	-	500,000	77,163	100,437
Transfers out	-	(240,000)	-	-	(1,368,688)	-	(100,106)	-	-	-
SBITAs entered into	15,048	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	15,048	(240,000)	7,328,857	-	1,844,109	-	(100,106)	500,000	77,163	100,437
Net Change in Fund Balances	(846,529)	391,314	(706,039)	909,504	3,759,732	14,863	34,450	(12,800)	240,692	235,090
Fund Balances (Deficit) - Beginning of year	7,449,204	5,040,235	5,274,074	-	(154,216)	160,358	840,288	210,301	6,583,536	2,958
Fund Balances - End of year	\$ 6,602,675	\$ 5,431,549	\$ 4,568,035	\$ 909,504	\$ 3,605,516	\$ 175,221	\$ 874,738	\$ 197,501	\$ 6,824,228	\$ 238,048

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

Year Ended June 30, 2023

Special Revenue Funds						Debt Service Fund	Capital Project Funds		Permanent Fund	Total
Sidewalk Repair	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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,184,254
2,826,547	-	-	-	-	-	-	-	-	-	2,826,547
-	-	-	-	-	-	-	256,252	-	-	10,113,672
-	-	-	-	-	-	-	-	-	-	2,521,478
-	-	-	-	50,000	-	-	507,651	-	-	3,949,692
9,378	323,798	10,712	78,511	1,239,464	119,246	2,459,682	-	1,160,730	41,648	17,839,640
-	-	-	-	-	-	-	-	-	-	31,360
31,475	-	-	-	-	-	-	-	-	-	4,861,597
(46,061)	(4,197)	6,787	(9,734)	(31,142)	(674)	-	(599,175)	(81,829)	(116,573)	(1,643,542)
46,337	37,981	3,669	10,524	28,448	2,294	31,661	257,692	53,359	163,352	1,661,693
-	-	(2,000)	-	-	-	-	13,284	(22,228)	-	947,430
-	-	-	-	-	-	-	-	-	-	16,570
2,867,676	357,582	19,168	79,301	1,286,770	120,866	2,491,343	435,704	1,110,032	88,427	70,310,391
-	-	-	-	-	-	-	-	-	-	2,613,808
-	274,243	-	-	-	-	-	-	-	-	2,236,085
2,393,499	-	-	-	-	-	-	-	-	-	19,527,349
-	-	-	39,869	1,372,282	127,981	-	-	-	-	16,570,674
-	-	911	-	-	-	-	-	-	-	27,878,025
-	-	-	-	-	-	-	5,618,649	2,324	-	7,729,010
-	-	-	-	-	-	2,085,000	-	-	-	2,302,486
-	-	-	-	-	-	585,723	-	-	-	601,797
2,393,499	274,243	911	39,869	1,372,282	127,981	2,670,723	5,618,649	2,324	-	79,459,234
474,177	83,339	18,257	39,432	(85,512)	(7,115)	(179,380)	(5,182,945)	1,107,708	88,427	(9,148,843)
-	-	-	30,000	-	-	242,303	9,954,107	1,271,794	125,044	22,842,502
(64,870)	-	-	-	-	-	-	(480,435)	-	(50,400)	(2,304,499)
-	-	-	-	-	-	-	-	-	-	15,048
-	2,620	-	-	-	-	-	-	-	-	2,620
(64,870)	2,620	-	30,000	-	-	242,303	9,473,672	1,271,794	74,644	20,555,671
409,307	85,959	18,257	69,432	(85,512)	(7,115)	62,923	4,290,727	2,379,502	163,071	11,406,828
1,643,350	1,549,398	160,077	350,724	660,507	41,417	1,587,252	3,960,441	813,474	4,656,887	40,830,265
\$ 2,052,657	\$ 1,635,357	\$ 178,334	\$ 420,156	\$ 574,995	\$ 34,302	\$ 1,650,175	\$ 8,251,168	\$ 3,192,976	\$ 4,819,958	\$ 52,237,093

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

June 30, 2023

	Budget (unaudited)				Actual				
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	Net Variance
Library	\$ 12,747,903	\$ 16,630,906	\$ -	\$ (3,883,003)	\$ 13,218,323	\$ 14,079,900	\$ 15,048	\$ (846,529)	\$ 3,036,474
Refuse Collection	17,340,672	18,173,842	110,000	(723,170)	17,740,568	17,109,254	(240,000)	391,314	1,114,484
Parks and Recreation	8,293,280	18,009,676	7,399,958	(2,316,438)	7,827,159	15,862,055	7,328,857	(706,039)	1,610,399
Opioid Settlement	-	-	-	-	909,504	-	-	909,504	909,504
Grants	46,044,440	42,970,321	2,093,215	5,167,334	14,058,193	12,142,570	1,844,109	3,759,732	(1,407,602)
Michigan Justice Training	56,587	55,000	-	1,587	55,650	40,787	-	14,863	13,276
Vehicle Storage Facility	960,920	859,280	(130,592)	(28,952)	881,594	747,038	(100,106)	34,450	63,402
Property Management	156,431	660,150	500,000	(3,719)	38,884	551,684	500,000	(12,800)	(9,081)
Building Inspections	4,760,905	5,498,745	72,163	(665,677)	5,161,976	4,998,447	77,163	240,692	906,369
Michigan Indigent Defense Commission	2,609,474	2,722,077	253,697	141,094	1,561,671	1,427,018	100,437	235,090	93,996
Sidewalk Repair	2,365,171	2,420,201	(64,870)	(119,900)	2,867,676	2,393,499	(64,870)	409,307	529,207
Drug Law Enforcement	340,640	546,115	-	(205,475)	357,582	274,243	2,620	85,959	291,434
General Special Revenue	10,519	10,400	-	119	19,168	911	-	18,257	18,138
Economic Development	497,119	538,981	30,000	(11,862)	79,301	39,869	30,000	69,432	81,294
Downtown Improvement District	1,349,515	1,434,813	-	(85,298)	1,286,770	1,372,282	-	(85,512)	(214)
Uptown Business Improvement District	125,375	133,505	-	(8,130)	120,866	127,981	-	(7,115)	1,015
Total	<u>\$ 97,658,951</u>	<u>\$ 110,664,012</u>	<u>\$ 10,263,571</u>	<u>\$ (2,741,490)</u>	<u>\$ 66,184,885</u>	<u>\$ 71,167,538</u>	<u>\$ 9,493,258</u>	<u>\$ 4,510,605</u>	<u>\$ 7,252,095</u>

Other Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2023

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 3,628,549	\$ 942,758	\$ 4,571,307
Receivables - Net	157,543	98,801	256,344
Inventory	8,103	-	8,103
Total current assets	3,794,195	1,041,559	4,835,754
Noncurrent assets:			
Capital assets:			
Assets not subject to depreciation	5,255	-	5,255
Assets subject to depreciation - Net	2,078,302	718,828	2,797,130
Other assets	215,071	-	215,071
Total noncurrent assets	2,298,628	718,828	3,017,456
Total assets	6,092,823	1,760,387	7,853,210
Deferred Outflows of Resources			
Deferred outflows related to pensions	137,794	-	137,794
Deferred outflows related to OPEB	14,868	-	14,868
Total deferred outflows of resources	152,662	-	152,662
Liabilities			
Current liabilities:			
Vouchers and accounts payable	155,813	68,754	224,567
Unearned revenue	12,373	-	12,373
Current portion of compensated absences	27,095	-	27,095
Total current liabilities	195,281	68,754	264,035
Noncurrent liabilities:			
Compensated absences	38,388	-	38,388
Net pension liability	686,232	-	686,232
Net OPEB liability	45,628	-	45,628
Total noncurrent liabilities	770,248	-	770,248
Total liabilities	965,529	68,754	1,034,283
Deferred Inflows of Resources - Deferred inflows related to OPEB	73,554	-	73,554
Net Position			
Net investment in capital assets	2,083,557	718,828	2,802,385
Unrestricted	3,122,845	972,805	4,095,650
Total net position	<u>\$ 5,206,402</u>	<u>\$ 1,691,633</u>	<u>\$ 6,898,035</u>

Other Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds

Year Ended June 30, 2023

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating Revenue			
Sales	\$ 575,800	\$ 37,320	\$ 613,120
Charges for services	1,434,808	930,871	2,365,679
Total operating revenue	2,010,608	968,191	2,978,799
Operating Expenses			
Utilities	151,977	145,291	297,268
Supplies and materials	220,764	152,014	372,778
Personal services	879,448	230,996	1,110,444
Contractual services	442,935	71,912	514,847
Other services and charges	579,071	220,566	799,637
Depreciation and amortization	180,035	105,413	285,448
Total operating expenses	2,454,230	926,192	3,380,422
Operating (Loss) Income	(443,622)	41,999	(401,623)
Nonoperating Revenue (Expense)			
Interest income	87,865	19,635	107,500
Unrealized loss on investments	(92,208)	(9,618)	(101,826)
Total nonoperating (expense) revenue	(4,343)	10,017	5,674
Income (Loss) - Before transfers	(447,965)	52,016	(395,949)
Transfers In	957,400	-	957,400
Transfers Out	(125,043)	-	(125,043)
Change in Net Position	384,392	52,016	436,408
Net Position - Beginning of year	4,822,010	1,639,617	6,461,627
Net Position - End of year	<u><u>\$ 5,206,402</u></u>	<u><u>\$ 1,691,633</u></u>	<u><u>\$ 6,898,035</u></u>

Other Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2023

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,973,740	\$ 854,831	\$ 2,828,571
Payments to suppliers	(1,416,900)	(573,428)	(1,990,328)
Payments to employees	(641,939)	(204,808)	(846,747)
Payments for payroll taxes and benefits	(228,745)	(26,188)	(254,933)
Net cash (used in) provided by operating activities	(313,844)	50,407	(263,437)
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	957,400	-	957,400
Transfers to other funds	(125,043)	-	(125,043)
Net cash provided by noncapital financing activities	832,357	-	832,357
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	-	(154,065)	(154,065)
Lease receipts	-	86,027	86,027
Net cash used in capital and related financing activities	-	(68,038)	(68,038)
Cash Flows (Used in) Provided by Investing Activities -			
Interest received on investments	(4,344)	10,017	5,673
Net Increase (Decrease) in Cash	514,169	(7,614)	506,555
Cash - Beginning of year	3,114,380	950,372	4,064,752
Cash - End of year	<u><u>\$ 3,628,549</u></u>	<u><u>\$ 942,758</u></u>	<u><u>\$ 4,571,307</u></u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (443,622)	\$ 41,999	\$ (401,623)
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	180,035	105,413	285,448
Changes in assets and liabilities:			
Receivables	(36,868)	(113,360)	(150,228)
Inventories	102	-	102
Accounts payable	(22,255)	16,355	(5,900)
Net pension or OPEB liability	324,276	-	324,276
Deferrals related to pension or OPEB	(320,000)	-	(320,000)
Accrued and other liabilities	4,488	-	4,488
Total adjustments	129,778	8,408	138,186
Net cash (used in) provided by operating activities	<u><u>\$ (313,844)</u></u>	<u><u>\$ 50,407</u></u>	<u><u>\$ (263,437)</u></u>

Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2023

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Assets							
Current assets:							
Equity in pooled cash and investments	\$ 5,904,827	\$ 21,816,516	\$ 11,493,823	\$ 34,220,401	\$ 5,487,856	\$ 255,565	\$ 79,178,988
Receivables - Net	24,103	132,538	131,982	266,137	96,323	730	651,813
Inventory	-	1,168,658	-	-	-	-	1,168,658
Prepaid expenses	370,000	-	-	-	-	-	370,000
Restricted assets	-	-	-	5,799,831	-	-	5,799,831
Total current assets	6,298,930	23,117,712	11,625,805	40,286,369	5,584,179	256,295	87,169,290
Noncurrent assets - Capital assets:							
Assets not subject to depreciation	-	2,703,951	-	-	-	-	2,703,951
Assets subject to depreciation - Net	1,913,374	18,149,867	880,736	-	52,129	-	20,996,106
Total noncurrent assets	1,913,374	20,853,818	880,736	-	52,129	-	23,700,057
Total assets	8,212,304	43,971,530	12,506,541	40,286,369	5,636,308	256,295	110,869,347
Deferred Outflows of Resources							
Deferred charges on bond refunding	-	180	-	-	-	-	180
Deferred outflows related to pensions	117,966	761,476	397,200	220,892	1,111,944	284,625	2,894,103
Deferred outflows related to OPEB	12,737	82,209	42,874	23,861	119,979	30,749	312,409
Total deferred outflows of resources	130,703	843,865	440,074	244,753	1,231,923	315,374	3,206,692
Liabilities							
Current liabilities:							
Vouchers and accounts payable	301,342	739,115	207,411	1,603,159	4,601	10,487	2,866,115
Due to other governmental units	-	-	-	60,590	-	-	60,590
Accrued interest payable	-	65	-	-	-	-	65
Unearned revenue	-	37,332	22,300	15,619	-	-	75,251
Current portion of compensated absences	14,858	128,316	62,929	37,784	231,979	21,924	497,790
Current portion of claims payable	-	-	-	5,774,133	-	-	5,774,133
Current portion of bonds, contracts, leases, and subscriptions payable	1,014,150	5,227	-	-	-	-	1,019,377
Total current liabilities	1,330,350	910,055	292,640	7,491,285	236,580	32,411	10,293,321
Noncurrent liabilities:							
Compensated absences	21,050	181,801	89,159	53,533	328,671	31,063	705,277
Claims payable	-	-	-	256,618	-	-	256,618
Net pension liability	587,484	3,792,224	1,978,094	1,100,065	5,537,593	1,417,461	14,412,921
Net OPEB liability	39,087	252,289	131,575	73,226	368,204	94,364	958,745
Total liabilities	1,977,971	5,136,369	2,491,468	8,974,727	6,471,048	1,575,299	26,626,882
Deferred Inflows of Resources -							
Deferred inflows related to OPEB	63,010	406,701	212,105	118,044	593,561	152,120	1,545,541
Net Position (Deficit)							
Net investment in capital assets	899,224	20,848,771	880,736	-	52,129	-	22,680,860
Unrestricted	5,402,802	18,423,554	9,362,306	31,438,351	(248,507)	(1,155,750)	63,222,756
Total net position (deficit)	\$ 6,302,026	\$ 39,272,325	\$ 10,243,042	\$ 31,438,351	\$ (196,378)	\$ (1,155,750)	\$ 85,903,616

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

Year Ended June 30, 2023

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Operating Revenue							
Sales	\$ -	\$ 16,066	\$ -	\$ -	\$ -	\$ -	\$ 16,066
Charges for services	6,901,896	15,735,041	7,125,556	31,067,455	6,091,497	1,616,708	68,538,153
Miscellaneous	-	399,460	29,537	1,245,171	20	-	1,674,188
Total operating revenue	6,901,896	16,150,567	7,155,093	32,312,626	6,091,517	1,616,708	70,228,407
Operating Expenses							
Utilities	-	39,614	3,101,443	-	-	-	3,141,057
Supplies and materials	2,670	5,776,708	172,585	-	66,964	1,763	6,020,690
Personal services	403,751	3,121,636	1,641,454	882,935	4,747,325	1,127,033	11,924,134
Contractual services	1,063,002	85,241	23,617	1,200,517	63,408	130,847	2,566,632
Other services and charges	4,043,840	1,580,286	1,221,705	31,249,898	1,360,783	351,880	39,808,392
Depreciation and amortization	920,009	4,096,695	77,388	-	10,907	-	5,104,999
Total operating expenses	6,433,272	14,700,180	6,238,192	33,333,350	6,249,387	1,611,523	68,565,904
Operating Income (Loss)	468,624	1,450,387	916,901	(1,020,724)	(157,870)	5,185	1,662,503
Nonoperating Revenue (Expense)							
Interest income	158,470	578,143	275,022	836,365	104,896	4,832	1,957,728
Unrealized loss on investments	(49,798)	(570,359)	(193,472)	431,354	(50,632)	2,174	(430,733)
Interest expense	(33,050)	(349)	-	-	-	-	(33,399)
Gain (loss) on sale of assets	(3,024)	41,473	-	-	-	-	38,449
Other nonoperating revenue (expense)	-	9,303	-	-	-	-	9,303
Total nonoperating revenue	72,598	58,211	81,550	1,267,719	54,264	7,006	1,541,348
Income (Loss) - Before capital contributions	541,222	1,508,598	998,451	246,995	(103,606)	12,191	3,203,851
Capital Contributions	-	644,253	-	-	-	-	644,253
Transfers Out	-	(1,970,657)	-	-	(1,787)	-	(1,972,444)
Change in Net Position	541,222	182,194	998,451	246,995	(105,393)	12,191	1,875,660
Net Position (Deficit) - Beginning of year	5,760,804	39,090,131	9,244,591	31,191,356	(90,985)	(1,167,941)	84,027,956
Net Position (Deficit) - End of year	<u>\$ 6,302,026</u>	<u>\$ 39,272,325</u>	<u>\$ 10,243,042</u>	<u>\$ 31,438,351</u>	<u>\$ (196,378)</u>	<u>\$ (1,155,750)</u>	<u>\$ 85,903,616</u>

Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2023

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Cash Flows from Operating Activities							
Receipts from customers	\$ 6,901,896	\$ 16,194,875	\$ 7,051,687	\$ 31,083,228	\$ 6,143,321	\$ 1,616,708	\$ 68,991,715
Payments to suppliers	(4,777,334)	(7,370,352)	(4,606,797)	(28,390,183)	(1,493,618)	(474,487)	(47,112,771)
Payments to employees	(346,652)	(2,023,344)	(1,000,497)	(615,339)	(2,811,409)	(733,154)	(7,530,395)
Other payments	(604,229)	-	-	-	-	-	(604,229)
Payments for payroll taxes and benefits	(132,654)	(1,164,125)	(573,887)	(3,341,333)	(1,475,983)	(425,774)	(7,113,756)
Net cash provided by (used in) operating activities	1,041,027	5,637,054	870,506	(1,263,627)	362,311	(16,707)	6,630,564
Cash Flows Used in Noncapital Financing Activities - Transfers to other funds	-	(1,970,657)	-	-	(1,787)	-	(1,972,444)
Cash Flows from Capital and Related Financing Activities							
Proceeds from sale of capital assets	-	73,109	-	-	-	-	73,109
Purchase of capital assets	(1,058,800)	(3,198,119)	-	-	-	-	(4,256,919)
Principal and interest paid on capital debt	(1,036,302)	(5,472)	-	-	-	-	(1,041,774)
Lease receipts	733,601	-	-	-	-	-	733,601
Net cash used in capital and related financing activities	(1,361,501)	(3,130,482)	-	-	-	-	(4,491,983)
Cash Flows Provided by (Used in) Investing Activities - Interest received on investments	109,589	(16,778)	75,355	1,256,178	53,627	7,295	1,485,266
Net (Decrease) Increase in Cash	(210,885)	519,137	945,861	(7,449)	414,151	(9,412)	1,651,403
Cash - Beginning of year	6,115,712	21,297,379	10,547,962	40,027,681	5,073,705	264,977	83,327,416
Cash - End of year	<u>\$ 5,904,827</u>	<u>\$ 21,816,516</u>	<u>\$ 11,493,823</u>	<u>\$ 40,020,232</u>	<u>\$ 5,487,856</u>	<u>\$ 255,565</u>	<u>\$ 84,978,819</u>
Classification of Cash							
Cash and investments	\$ 5,904,827	\$ 21,816,516	\$ 11,493,823	\$ 34,220,401	\$ 5,487,856	\$ 255,565	\$ 79,178,988
Restricted cash	-	-	-	5,799,831	-	-	5,799,831
Total cash	<u>\$ 5,904,827</u>	<u>\$ 21,816,516</u>	<u>\$ 11,493,823</u>	<u>\$ 40,020,232</u>	<u>\$ 5,487,856</u>	<u>\$ 255,565</u>	<u>\$ 84,978,819</u>

Other Supplementary Information
Combining Statement of Cash Flows (Continued)
Internal Service Funds

Year Ended June 30, 2023

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering Services	311 Program	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities							
Operating income (loss)	\$ 468,624	\$ 1,450,387	\$ 916,901	\$ (1,020,724)	\$ (157,870)	\$ 5,185	\$ 1,662,503
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	920,009	4,096,695	77,388	-	10,907	-	5,104,999
Changes in assets and liabilities:							
Receivables	-	44,308	(103,406)	15,773	51,804	-	8,479
Inventories	-	14,649	-	-	-	-	14,649
Prepaid and other assets	(370,000)	-	-	-	-	-	(370,000)
Accounts payable	51,528	48,599	(122,126)	(256,843)	(1,998)	10,003	(270,837)
Net pension or OPEB liability	257,131	1,718,862	993,115	511,666	2,840,876	649,552	6,971,202
Deferrals related to pension or OPEB	(286,029)	(1,811,422)	(887,950)	(517,759)	(2,449,704)	(672,859)	(6,625,723)
Accrued and other liabilities	(236)	74,976	(3,416)	4,260	68,296	(8,588)	135,292
Total adjustments	572,403	4,186,667	(46,395)	(242,903)	520,181	(21,892)	4,968,061
Net cash provided by (used in) operating activities	<u>\$ 1,041,027</u>	<u>\$ 5,637,054</u>	<u>\$ 870,506</u>	<u>\$ (1,263,627)</u>	<u>\$ 362,311</u>	<u>\$ (16,707)</u>	<u>\$ 6,630,564</u>
Significant Noncash Transactions -							
Contributions of capital assets	\$ -	\$ 644,253	\$ -	\$ -	\$ -	\$ -	\$ 644,253

Combining Statement of Net Position

Corridor Improvement Authorities - Component Units

June 30, 2023

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Assets:							
Equity in pooled cash and investments	\$ 431,465	\$ 109,860	\$ 167,515	\$ 507,984	\$ 446,240	\$ 218,150	\$1,881,214
Receivables, net	191	52	86	223	193	95	840
Total assets	<u>\$ 431,656</u>	<u>\$ 109,912</u>	<u>\$ 167,601</u>	<u>\$ 508,207</u>	<u>\$ 446,433</u>	<u>\$ 218,245</u>	<u>\$1,882,054</u>
Liabilities							
Vouchers payable and accruals	\$ 27,608	\$ 3,293	\$ 70,192	\$ 1,143	\$ 1,765	\$ 3,750	\$ 107,751
Net position							
Restricted - Urban and community development	404,048	106,619	97,409	507,064	444,668	214,495	1,774,303
Total liabilities and net position	<u>\$ 431,656</u>	<u>\$ 109,912</u>	<u>\$ 167,601</u>	<u>\$ 508,207</u>	<u>\$ 446,433</u>	<u>\$ 218,245</u>	<u>\$1,882,054</u>

Combining Statement of Activities

Corridor Improvement Authorities - Component Units

Year Ended June 30, 2023

	Southtown	North Quarter	Uptown	West Side	Michigan Street	South Division - Grandville	Total
Revenues:							
Property taxes	\$ 312,571	\$ 56,326	\$ 326,611	\$ 345,030	\$ 189,222	\$ 200,967	\$1,430,727
Charges for services	-	8,869	-	-	-	-	8,869
Other grants and contributions	-	22,228	-	-	-	-	22,228
Interest income	8,996	2,010	5,279	8,399	7,501	3,782	35,967
Unrealized gain on investments	25,452	3,145	11,708	9,748	11,620	3,923	65,596
Total revenues	347,019	92,578	343,598	363,177	208,343	208,672	1,563,387
Expenses:							
Urban and community development	319,231	52,237	391,506	75,035	67,969	111,789	1,017,767
Change in net position	27,788	40,341	(47,908)	288,142	140,374	96,883	545,620
Net Position - beginning	376,260	66,278	145,317	218,922	304,294	117,612	1,228,683
Net Position - ending	\$ 404,048	\$ 106,619	\$ 97,409	\$ 507,064	\$ 444,668	\$ 214,495	\$1,774,303

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

June 30, 2023

	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	\$ -	\$ -	\$ 243,198	\$ 402,890	\$ 385,668	\$ 1,031,756
Investments held by trustee:						
Cash and money market funds	6,060,399	4,737,812	328,283	1,168,733	671,270	12,966,497
U.S. government securities	52,344,412	49,418,204	-	-	-	101,762,616
Other	57,394,756	54,347,606	-	-	-	111,742,362
State and municipal bonds	242,408	243,719	-	-	-	486,127
Corporate bonds and fixed-income commingled funds	70,616,215	66,811,149	8,160,394	19,547,058	10,399,974	175,534,790
Common stocks and equity mutual funds	219,624,883	211,069,064	7,865,234	19,242,805	10,310,732	468,112,718
Asset-backed securities	6,168,316	6,855,623	-	-	-	13,023,939
Real estate securities	21,547,709	20,737,480	-	-	-	42,285,189
Commodities	24,413,019	20,434,562	-	-	-	44,847,581
Collateral held by broker under securities lending - Short-term fixed income	34,092,548	31,368,843	-	-	-	65,461,391
Receivables:						
Investment securities sold and other	1,798,810	3,015,338	-	-	-	4,814,148
Accrued interest receivable	602,143	604,953	25,534	57,900	31,221	1,321,751
Total assets	494,905,618	469,644,353	16,622,643	40,419,386	21,798,865	1,043,390,865
Liabilities						
Vouchers and accounts payable	1,182,949	1,259,582	167,235	252,068	80,708	2,942,542
Obligations under securities lending agreements	34,092,548	31,368,843	-	-	-	65,461,391
Total liabilities	35,275,497	32,628,425	167,235	252,068	80,708	68,403,933
Net Position						
Restricted:						
Pension	459,630,121	437,015,928	-	-	-	896,646,049
Postemployment benefits other than pension	-	-	16,455,408	40,167,318	21,718,157	78,340,883
Total net position	<u>\$ 459,630,121</u>	<u>\$ 437,015,928</u>	<u>\$ 16,455,408</u>	<u>\$ 40,167,318</u>	<u>\$ 21,718,157</u>	<u>\$ 974,986,932</u>

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

Year Ended June 30, 2023

	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	\$ 6,151,710	\$ 6,652,587	\$ 387,118	\$ 936,454	\$ 477,776	\$ 14,605,645
Net (decrease) increase in fair value of investments	(68,346,590)	18,099,844	740,173	1,796,787	1,005,232	(46,704,554)
Investment costs	(1,074,409)	(934,532)	-	-	-	(2,008,941)
Net investment (loss) income	(63,269,289)	23,817,899	1,127,291	2,733,241	1,483,008	(34,107,850)
Securities lending income	98,141	119,960	-	-	-	218,101
Contributions:						
Employer contributions	13,124,901	11,918,613	1,562,491	258,037	798,652	27,662,694
Plan member contributions	5,927,247	2,410,147	-	-	-	8,337,394
Total contributions	19,052,148	14,328,760	1,562,491	258,037	798,652	36,000,088
Total additions - Net	(44,119,000)	38,266,619	2,689,782	2,991,278	2,281,660	2,110,339
Deductions						
Benefit payments	38,940,560	37,483,996	2,216,876	2,956,950	2,103,072	83,701,454
Administrative expenses	622,188	648,308	181,562	194,004	131,173	1,777,235
Total deductions	39,562,748	38,132,304	2,398,438	3,150,954	2,234,245	85,478,689
Net (Decrease) Increase in Fiduciary Net Position	(83,681,748)	134,315	291,344	(159,676)	47,415	(83,368,350)
Net Position - Beginning of year	543,311,869	436,881,613	16,164,064	40,326,994	21,670,742	1,058,355,282
Net Position - End of year	\$ 459,630,121	\$ 437,015,928	\$ 16,455,408	\$ 40,167,318	\$ 21,718,157	\$ 974,986,932

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity
June 30, 2023

Function and Activity	Land	Easements/ Right of way	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office Furniture and Equipment	Infrastructures	Construction in Progress	Totals
General government:	\$ 3,079,617	\$ -	\$ 966,349	\$ 52,460,426	\$ 13,497,836	\$ -	\$ -	\$ -	\$ 162,592	\$ 70,166,820
Public safety:										
Police	1,455,462	-	-	23,698,447	2,421,364	938,698	54,195	-	-	28,568,166
Fire	1,327,044	-	13,150	6,475,854	2,007,689	14,657,177	29,741	-	894,541	25,405,196
Total public safety	2,782,506	-	13,150	30,174,301	4,429,053	15,595,875	83,936	-	894,541	53,973,362
Public works:										
Public works	3,783,571	1,633,712	18,531,167	624,539	1,149,601	-	-	553,264,497	34,585,251	613,572,338
Street lighting	-	1,790	-	450,372	52,821	-	-	23,574,850	6,587,004	30,666,837
Traffic safety	-	4,323	16,965	3,132,054	533,348	-	66,669	8,886,763	12,938	12,653,060
Total public works	3,783,571	1,639,825	18,548,132	4,206,965	1,735,770	-	66,669	585,726,110	41,185,193	656,892,235
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,287,108	2,586,368	248,081	2,018,539	-	75,766	44,572,877
Museum	2,736,700	-	104,131	42,691,644	195,768	1	530,787	-	-	46,259,031
Parks	12,712,789	39,920	52,113,895	14,702,795	1,662,857	101,559	-	-	5,689,830	87,023,645
Total culture and recreation	17,733,507	39,920	52,291,023	94,681,547	4,444,993	349,641	2,549,326	-	5,765,596	177,855,553
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	\$ 27,379,201	\$ 1,679,745	\$ 71,818,654	\$ 181,523,239	\$ 24,107,652	\$ 15,976,229	\$ 2,699,931	\$ 585,726,110	\$ 48,007,922	\$ 958,918,683

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, 2023

Function and Activity	June 30, 2022	Reclassification	Additions	Deletions	June 30, 2023
General government	\$ 69,453,381	\$ -	\$ 734,852	\$ 21,413	\$ 70,166,820
Public safety:					
Police	28,406,179	-	213,539	51,552	28,568,166
Fire	23,272,060	-	2,281,497	148,361	25,405,196
Total public safety	51,678,239	-	2,495,036	199,913	53,973,362
Public works:					
Public works	600,604,064	-	13,122,323	154,047	613,572,340
Street lighting	28,409,722	-	2,257,115	-	30,666,837
Traffic safety	12,199,729	-	543,612	90,281	12,653,060
Total public works	641,213,515	-	15,923,050	244,328	656,892,237
Culture and recreation:					
Libraries	43,058,703	-	1,514,174	-	44,572,877
Museum	46,259,030	-	1	-	46,259,031
Parks	80,741,189	-	6,293,692	11,238	87,023,643
Total culture and recreation	170,058,922	-	7,807,867	11,238	177,855,551
Urban and community development:					
Community and economic development	30,713	-	-	-	30,713
Neighborhood business improvements	-	-	-	-	-
Total urban and community development	30,713	-	-	-	30,713
Total governmental funds capital assets	\$ 932,434,770	\$ -	\$ 26,960,805	\$ 476,892	\$ 958,918,683

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.

Beginning balances changed due to a prior period adjustment.

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Statistical Section

This part of the City of Grand Rapid's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

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

Debt capacity

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

Demographics and economic information

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

Operating information

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

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

Net Position by Component (Unaudited)

Last Ten Fiscal Years
June 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities:										
Net investment in capital assets	\$ 250,757,965	\$ 228,176,623	\$ 202,004,329	\$ 178,448,878	\$ 201,008,554	\$ 211,201,069	\$ 229,721,640	\$ 257,859,021	\$ 254,278,896	\$ 267,551,294
Restricted	15,868,799	16,462,828	28,568,423	31,118,311	25,235,721	35,893,928	32,130,138	24,647,736	29,285,971	42,092,769
Unrestricted	<u>99,685,291</u>	<u>83,771,482</u>	<u>69,438,666</u>	<u>51,058,700</u>	<u>(53,962,764)</u>	<u>(73,562,866)</u>	<u>(81,583,684)</u>	<u>(77,340,309)</u>	<u>(23,153,754)</u>	<u>(17,435,230)</u>
Total net position	<u>\$ 366,312,055</u>	<u>\$ 328,410,933</u>	<u>\$ 300,011,418</u>	<u>\$ 260,625,889</u>	<u>\$ 172,281,511</u>	<u>\$ 173,532,131</u>	<u>\$ 180,268,094</u>	<u>\$ 205,166,448</u>	<u>\$ 260,411,113</u>	<u>\$ 292,208,833</u>
Business-type Activities:										
Net investment in capital assets	\$ 358,944,390	\$ 374,185,834	\$ 392,979,402	\$ 400,784,184	\$ 417,402,970	\$ 426,225,161	\$ 441,758,325	\$ 440,122,469	\$ 460,567,972	\$ 479,521,033
Restricted	35,885,669	33,589,225	32,359,186	33,335,807	32,078,561	37,902,922	36,073,946	37,775,435	33,752,511	34,186,978
Unrestricted	<u>84,352,379</u>	<u>76,022,631</u>	<u>80,686,568</u>	<u>89,651,460</u>	<u>96,236,519</u>	<u>99,265,616</u>	<u>102,529,284</u>	<u>115,595,990</u>	<u>112,027,789</u>	<u>111,878,935</u>
Total net position	<u>\$ 479,182,438</u>	<u>\$ 483,797,690</u>	<u>\$ 506,025,156</u>	<u>\$ 523,771,451</u>	<u>\$ 545,718,050</u>	<u>\$ 563,393,699</u>	<u>\$ 580,361,555</u>	<u>\$ 593,493,894</u>	<u>\$ 606,348,272</u>	<u>\$ 625,586,946</u>
Primary government in total:										
Net investment in capital assets	\$ 609,702,355	\$ 602,362,457	\$ 594,983,731	\$ 579,233,062	\$ 618,411,524	\$ 637,426,230	\$ 671,479,965	\$ 697,981,490	\$ 714,846,868	\$ 747,072,327
Restricted	51,754,468	50,052,053	60,927,609	64,454,118	57,314,282	73,796,850	68,204,084	62,423,171	63,038,482	76,279,747
Unrestricted	<u>184,037,670</u>	<u>159,794,113</u>	<u>150,125,234</u>	<u>140,710,160</u>	<u>42,273,755</u>	<u>25,702,750</u>	<u>20,945,600</u>	<u>38,255,681</u>	<u>88,874,035</u>	<u>94,443,705</u>
Total net position	<u>\$ 845,494,493</u>	<u>\$ 812,208,623</u>	<u>\$ 806,036,574</u>	<u>\$ 784,397,340</u>	<u>\$ 717,999,561</u>	<u>\$ 736,925,830</u>	<u>\$ 760,629,649</u>	<u>\$ 798,660,342</u>	<u>\$ 866,759,385</u>	<u>\$ 917,795,779</u>

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 24,317,558	\$ 27,158,278	\$ 31,370,052	\$ 32,918,016	\$ 36,888,060	\$ 35,996,997	\$ 40,282,684	\$ 39,126,873	\$ 37,635,497	\$ 44,296,211
Public safety	79,901,439	76,336,144	101,714,766	111,566,878	109,576,349	121,743,341	106,538,215	97,300,350	90,373,298	122,775,160
Public works	48,477,155	63,819,694	72,032,052	73,773,068	65,283,661	56,037,610	61,821,864	60,070,801	57,265,534	63,939,716
Culture and Recreation	17,453,598	19,718,462	17,714,262	18,038,363	14,263,996	22,132,872	19,476,730	25,427,655	23,410,355	26,201,737
Urban & Community Development	16,321,393	14,719,552	17,361,430	19,611,904	21,061,730	20,378,186	21,167,228	23,972,817	22,386,293	23,498,676
Interest on long-term debt	4,058,044	3,936,941	3,892,373	4,600,305	4,166,106	3,650,427	1,440,151	2,295,664	2,392,755	2,046,625
Total governmental activities expenses	\$ 190,529,187	\$ 205,689,071	\$ 244,084,935	\$ 260,508,534	\$ 251,239,902	\$ 259,939,433	\$ 250,726,872	\$ 248,194,160	\$ 233,463,732	\$ 282,758,125
Business-type activities:										
Water Supply System	37,285,497	33,302,278	36,197,215	39,206,129	35,258,241	43,032,854	43,039,468	44,905,277	44,569,577	54,207,809
Sewage Disposal System	46,561,350	45,184,106	47,691,862	50,334,631	48,601,656	55,587,737	59,197,195	63,941,043	61,507,678	62,304,794
Auto Parking System	11,798,952	11,594,252	14,249,852	15,902,942	16,949,252	22,154,543	19,019,579	20,070,059	-	20,854,865
Other Enterprises	2,300,183	2,411,202	1,950,213	2,513,612	2,162,706	2,675,817	2,895,949	2,481,452	20,615,392	3,371,820
Total business-type activities expenses	97,945,982	92,491,838	100,089,142	107,957,314	102,971,855	123,450,951	124,152,191	131,397,831	126,692,647	140,739,288
Total primary government expenses	\$ 288,475,169	\$ 298,180,909	\$ 344,174,077	\$ 368,465,848	\$ 354,211,757	\$ 383,390,384	\$ 374,879,063	\$ 379,591,991	\$ 360,156,379	\$ 423,497,413
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 9,087,640	\$ 8,920,866	\$ 8,828,209	\$ 9,099,565	\$ 8,562,555	\$ 14,488,163	\$ 10,143,095	\$ 10,657,737	\$ 11,462,872	\$ 17,560,448
Public safety	2,508,324	2,151,757	1,752,816	1,764,425	2,758,010	2,416,008	2,006,107	1,500,363	2,903,802	2,206,905
Public works	11,345,612	11,231,351	11,708,111	11,372,907	12,088,820	13,621,327	14,239,342	16,382,361	14,156,378	16,640,731
Culture and recreation	782,280	807,855	765,030	882,614	1,203,052	1,105,798	750,288	412,030	597,944	785,995
Urban & community development	8,923,877	8,785,932	10,836,002	9,961,856	10,243,176	12,270,634	11,040,627	9,790,125	11,462,240	10,901,994
Total Charges for services:	32,647,733	31,897,761	33,890,168	33,081,367	34,855,613	43,901,930	38,179,459	38,742,616	40,583,236	48,096,073
Operating grants and contributions:	15,059,686	15,145,783	15,432,226	13,056,796	36,120,086	39,313,771	37,619,348	58,468,438	60,795,884	50,836,979
Capital grants and contributions	1,091,417	1,778,543	1,376,082	992,780	4,717,120	3,520,635	2,171,218	1,250,844	2,074,808	1,980,334
Total governmental activities program revenues	48,798,836	48,822,087	50,698,476	47,130,943	75,692,819	86,736,336	77,970,025	98,461,898	103,453,928	100,913,386
Business-type activities:										
Charges for services:										
Water Supply System	40,548,424	40,014,365	41,968,413	43,536,557	45,852,294	46,044,222	48,756,354	51,237,955	50,986,717	54,846,203
Sewage Disposal System	49,732,439	51,991,509	54,119,246	54,751,997	55,657,384	57,505,735	60,065,463	60,694,116	67,532,053	68,788,313
Auto Parking System	14,402,322	15,712,638	15,361,175	20,120,530	20,307,490	20,458,374	16,096,227	11,676,256	-	19,480,204
Other Enterprise	2,057,821	2,090,739	1,940,424	1,939,830	2,100,249	2,102,458	2,042,445	2,416,540	20,992,178	2,978,799
Total Charges for services:	106,741,006	109,809,251	113,389,258	120,348,914	123,917,417	126,110,789	126,960,489	126,024,867	139,510,948	146,093,519
Operating grants and contributions:	603,191	630,374	623,218	653,864	629,035	631,994	616,323	684,887	1,372,361	6,894,900
Capital grants and contributions:	3,347,880	4,593,227	6,216,877	5,274,555	7,236,180	5,156,169	5,244,502	15,310,402	3,003,774	2,924,861
Total business-type activities program revenues	110,692,077	115,032,852	120,229,353	126,277,333	131,782,632	131,898,952	132,821,314	142,020,156	143,887,083	155,913,280
Total primary government program revenues	\$ 159,490,913	\$ 163,854,939	\$ 170,927,829	\$ 173,408,276	\$ 207,475,451	\$ 218,635,288	\$ 210,791,339	\$ 240,482,054	\$ 247,341,011	\$ 256,826,666
Net (expense)/revenue										
Governmental activities	\$ (141,730,351)	\$ (156,866,984)	\$ (193,386,459)	\$ (213,377,591)	\$ (175,547,083)	\$ (173,203,097)	\$ (172,756,847)	\$ (149,732,262)	\$ (130,009,804)	\$ (181,844,739)
Business-type activities	12,746,095	22,541,014	20,140,211	18,320,019	28,810,777	8,448,001	8,669,123	10,622,325	17,194,436	15,173,992
Total primary government net expense	\$ (128,984,256)	\$ (134,325,970)	\$ (173,246,248)	\$ (195,057,572)	\$ (146,736,306)	\$ (164,755,096)	\$ (164,087,724)	\$ (139,109,937)	\$ (112,815,368)	\$ (166,670,747)

Changes in Net Position (Unaudited)

Last Ten Fiscal Years
June 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 33,909,334	\$ 37,716,877	\$ 38,976,376	\$ 39,505,377	\$ 39,913,281	\$ 41,591,480	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580	\$ 50,293,292
Income taxes	77,574,337	81,968,457	88,174,251	94,038,914	98,558,635	105,064,760	104,590,639	101,814,872	122,928,335	132,473,827
Intergovernmental, unrestricted	34,246,742	34,254,030	34,437,232	37,443,494	20,977,402	21,709,793	20,853,440	24,077,656	28,259,417	28,470,105
Unrestricted investment earnings	1,657,605	2,104,705	3,592,965	217,143	3,364,427	7,762,294	10,265,778	3,722,329	(13,814,112)	1,938,943
Miscellaneous	707,264	494,106	626,056	1,070,668	816,860	842,188	206,916	514,763	984,977	1,330,882
Gain on sale of capital assets	789,570	-	-	-	209,777	172,522	-	206,001	53,308	21,662
Transfers	2,167,433	1,252,086	(819,936)	1,716,466	1,678,354	(2,689,320)	(1,096,255)	(657,947)	(886,036)	(886,252)
Total governmental activities:	<u>151,052,285</u>	<u>157,790,261</u>	<u>164,986,944</u>	<u>173,992,062</u>	<u>165,518,736</u>	<u>174,453,717</u>	<u>177,987,742</u>	<u>174,630,616</u>	<u>185,254,469</u>	<u>213,642,459</u>
Business- type activities:										
Unrestricted investment earnings	711,272	697,150	1,107,815	10,638	1,670,570	5,974,331	6,566,634	987,174	(6,465,998)	2,000,298
Miscellaneous	775,377	161,301	159,504	1,128,510	3,642,538	564,224	635,844	876,428	1,239,904	1,178,132
Gain on sale of capital assets	-	-	-	3,594	250,456	(227)	-	(11,535)	-	-
Transfers	(2,167,433)	(1,252,086)	819,936	(1,716,466)	(1,678,354)	2,689,320	1,096,255	657,947	886,036	886,252
Special Item- Refund Water Bonds	-	-	-	-	-	-	-	-	-	-
Total business- type activities	<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>	<u>(4,340,058)</u>	<u>4,064,682</u>
Total primary government	<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>	<u>\$ 180,914,411</u>	<u>\$ 217,707,141</u>
Change in Net Position										
Governmental activities	\$ 9,321,934	\$ 923,277	\$ (28,399,515)	\$ (39,385,529)	\$ (10,028,347)	\$ 1,250,620	\$ 5,230,895	\$ 24,898,354	\$ 55,244,665	\$ 31,797,720
Business- type activities	12,065,311	22,147,379	22,227,466	17,746,295	32,695,987	17,675,649	16,967,856	13,132,339	12,854,378	19,238,674
Total primary government	<u>\$ 21,387,245</u>	<u>\$ 23,070,656</u>	<u>\$ (6,172,049)</u>	<u>\$ (21,639,234)</u>	<u>\$ 22,667,640</u>	<u>\$ 18,926,269</u>	<u>\$ 22,198,751</u>	<u>\$ 38,030,693</u>	<u>\$ 68,099,043</u>	<u>\$ 51,036,394</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, 2023

(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 7,650,268	\$ 6,370,712	\$ 5,021,173	\$ 3,372,266	\$ 3,426,797	\$ 3,393,029	\$ 1,776,654	\$ 416,721	\$ 524,238	\$ 826,882
Restricted	-	-	-	-	-	-	-	-	39,000	-
Committed	5,940,801	8,948,835	12,948,835	12,948,835	14,298,835	14,298,835	14,686,521	14,521,837	16,521,837	24,919,327
Assigned	8,098,880	9,183,103	8,304,141	7,369,018	7,684,988	7,146,167	10,670,002	13,884,680	13,036,833	15,775,839
Unassigned	<u>13,840,518</u>	<u>15,101,671</u>	<u>22,388,202</u>	<u>27,289,147</u>	<u>30,434,665</u>	<u>38,134,167</u>	<u>37,037,796</u>	<u>45,055,336</u>	<u>68,232,832</u>	<u>66,765,634</u>
Total general fund	<u>\$ 35,530,467</u>	<u>\$ 39,604,321</u>	<u>\$ 48,662,351</u>	<u>\$ 50,979,266</u>	<u>\$ 55,845,285</u>	<u>\$ 62,972,198</u>	<u>\$ 64,170,973</u>	<u>\$ 73,878,574</u>	<u>\$ 98,354,740</u>	<u>\$ 108,287,682</u>
All other governmental funds										
Nonspendable	\$ 3,851,381	\$ 3,904,986	\$ 3,872,045	\$ 3,610,387	\$ 3,853,221	\$ 3,997,733	\$ 4,102,153	\$ 4,147,210	\$ 4,332,276	\$ 4,221,600
Restricted	13,723,322	17,846,513	38,001,238	28,234,961	21,399,994	31,913,641	33,242,576	20,165,368	29,931,004	36,784,253
Committed	39,983,001	41,781,471	28,609,072	29,681,306	25,957,401	21,452,159	19,465,646	20,200,333	28,790,066	45,435,829
Assigned	12,498,513	12,436,480	20,334,463	25,645,492	24,248,331	29,863,370	31,258,990	28,195,215	28,584,061	28,218,051
Unassigned	<u>(562,032)</u>	<u>(377,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,116,991)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 69,494,185</u>	<u>\$ 75,592,035</u>	<u>\$ 90,816,818</u>	<u>\$ 87,172,146</u>	<u>\$ 75,458,947</u>	<u>\$ 87,226,903</u>	<u>\$ 88,069,365</u>	<u>\$ 72,708,126</u>	<u>\$ 90,520,416</u>	<u>\$ 114,659,733</u>

Changes in Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

June 30, 2023

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 33,909,334	\$ 37,716,877	\$ 38,990,487	\$ 39,543,379	\$ 39,931,447	\$ 41,609,555	\$ 43,167,224	\$ 44,952,942	\$ 47,728,580	\$ 50,293,292
City income taxes	77,574,337	81,970,412	88,174,251	94,021,662	98,540,469	105,064,760	104,590,639	101,814,872	122,928,335	132,473,827
State shared taxes	34,246,742	34,252,075	34,440,574	37,422,744	41,065,069	43,201,166	43,323,050	48,795,289	54,383,847	56,434,687
Licenses and permits	4,546,578	3,751,887	7,699,250	7,360,290	7,533,264	7,511,388	6,617,788	5,544,233	7,661,786	8,185,148
Federal grants	10,870,559	8,480,882	8,335,065	8,718,422	7,922,886	9,211,600	8,369,510	24,638,578	26,201,078	11,583,599
State grants	595,271	4,276,576	3,118,910	900,182	5,923,695	6,072,025	2,622,484	2,187,355	2,598,310	3,615,064
Other grants & contributions	4,685,273	4,166,868	5,354,333	4,430,972	6,902,958	6,041,334	6,328,962	6,907,467	5,848,762	9,118,877
Charges for services	25,287,684	26,073,539	24,075,616	23,371,878	23,866,290	32,548,906	29,380,544	32,199,363	31,614,039	35,384,456
Fines and forfeitures	2,461,177	2,072,303	2,115,302	2,349,199	2,320,994	1,998,581	1,863,246	1,937,442	1,937,246	2,037,203
Investment earnings (loss)	807,495	1,005,208	1,812,434	(282,270)	1,684,235	5,112,136	6,865,356	1,300,570	(10,047,857)	411,948
Miscellaneous	677,503	491,350	626,056	1,066,531	878,678	806,836	386,319	776,406	905,092	1,338,501
Total revenues	\$ 195,661,953	\$ 204,257,977	\$ 214,742,278	\$ 218,902,989	\$ 236,569,985	\$ 259,178,287	\$ 253,515,122	\$ 271,054,517	\$ 291,759,218	\$ 310,876,602
Expenditures:										
Current:										
General government	\$ 24,804,245	\$ 27,018,056	\$ 28,696,169	\$ 30,130,282	\$ 30,704,431	\$ 32,938,959	\$ 35,468,553	\$ 35,650,857	\$ 35,779,427	\$ 39,406,261
Public safety	80,855,089	81,072,054	83,471,722	85,419,851	86,486,306	91,996,757	93,737,136	97,589,907	101,522,434	107,830,507
Public works	30,244,106	31,291,362	31,432,079	32,215,909	35,243,966	37,245,428	41,012,527	40,180,852	41,244,131	43,789,680
Culture and recreation	14,127,062	18,390,409	17,791,041	17,775,381	19,868,500	20,438,421	21,961,324	22,063,780	23,921,682	27,878,025
Urban and community development	16,540,058	16,506,585	15,763,012	17,892,513	18,025,781	20,361,511	20,059,146	22,674,048	23,177,134	22,868,389
Debt service:										
Principal	7,970,700	8,508,124	7,437,220	7,349,646	26,774,209	7,136,903	7,441,207	22,794,037	5,804,775	7,427,481
Interest, fees, and bond issue costs	3,842,817	3,700,435	3,908,361	4,363,449	4,079,345	3,854,184	3,773,874	2,790,521	2,616,268	2,349,151
Capital outlay	7,735,049	29,024,143	35,497,277	39,899,156	23,046,687	32,693,966	28,271,228	32,423,403	27,096,690	26,750,600
Total expenditures	186,119,126	215,511,168	223,996,881	235,046,187	244,229,225	246,666,129	251,724,995	276,167,405	261,162,541	278,300,094
Excess (deficit) of revenues over expenditures	\$ 9,542,827	\$ (11,253,191)	\$ (9,254,603)	\$ (16,143,198)	\$ (7,659,240)	\$ 12,512,158	\$ 1,790,127	\$ (5,112,888)	\$ 30,596,677	\$ 32,576,508
Other financing sources (uses):										
Transfers in	\$ 36,805,723	\$ 39,501,511	\$ 43,939,163	\$ 43,338,957	\$ 44,955,233	\$ 40,841,556	\$ 29,581,778	\$ 35,941,506	\$ 23,186,647	\$ 31,942,819
Transfers out	(32,542,961)	(41,363,356)	(43,674,269)	(40,473,207)	(44,420,279)	(43,528,888)	(31,110,743)	(36,557,144)	(24,097,285)	(30,856,627)
Sale of capital assets	1,119	1,571,243	120,109	304,079	5,480	-	1,329,280	2,670	107,997	2,620
Face value of bonds and contracts issued	2,706,853	21,550,000	37,840,000	12,045,000	-	8,210,000	18,735,000	3,867,238	11,790,000	-
Premium on bonds issued	-	-	3,886,102	-	-	785,507	1,492,494	265,029	630,889	-
Leases entered into	-	-	-	-	-	-	-	-	73,531	406,939
Payment to refunded bond escrow agent	(2,293,547)	-	(8,635,029)	-	-	-	(19,867,377)	(4,060,049)	-	-
Total other financing sources (uses)	4,677,187	21,259,398	33,476,076	15,214,829	540,434	6,308,175	160,432	(540,750)	11,691,779	1,495,751
Net change in fund balances	14,220,014	10,006,207	24,221,473	(928,369)	(7,118,806)	18,820,333	1,950,559	(5,653,638)	42,288,456	34,072,259
Fund balances, beginning	91,274,720	105,024,652	115,196,356	139,479,169	138,151,412	131,304,232	150,199,101	152,240,338	146,586,700	188,875,156
Current year change in inventory levels	(470,082)	165,497	61,340	(399,388)	271,626	74,536	90,678	-	-	-
Fund balances, ending	\$ 105,024,652	\$ 115,196,356	\$ 139,479,169	\$ 138,151,412	\$ 131,304,232	\$ 150,199,101	\$ 152,240,338	\$ 146,586,700	\$ 188,875,156	\$ 222,947,415
Debt Service as a percentage of non-capital expenditures	6.95%	6.08%	5.27%	5.29%	13.59%	4.79%	4.46%	10.55%	3.60%	3.88%

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, 2023

City Taxes			State Shared Taxes				Total Tax Revenues, All Funds	
Fiscal Year	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other		
2014	\$ 77,574,337	\$ 33,909,334	\$ 14,068,013	\$ 14,450,641	\$ 5,188,615	\$ 539,473	\$	145,730,413
2015	81,970,412	37,716,877	14,288,969	13,842,559	5,387,594	732,953		153,939,364
2016	88,174,251	38,990,487	14,275,240	14,633,980	5,289,078	242,276		161,605,312
2017	94,021,662	39,543,379	15,097,998	16,827,013	5,289,078	208,655		170,987,785
2018	98,540,469	39,931,447	15,623,672	20,087,667	5,314,458	39,272		179,536,985
2019	105,064,760	41,609,555	16,355,038	21,509,447	5,289,078	47,603		189,875,481
2020	104,590,639	43,167,224	16,187,769	22,469,610	4,638,106	27,565		191,080,913
2021	101,814,872	44,952,942	18,355,161	24,717,633	5,565,728	156,797		195,563,133
2022	122,928,335	47,728,580	24,564,154	26,801,871	2,838,521	179,301		225,040,762
2023	132,473,827	50,293,292	24,380,460	28,846,810	3,008,834	198,583		239,201,806
Percent to Total Tax Sources							% Increase (Decrease)	
2014	53.1	23.3	9.7	9.9	3.6	0.4		2.4
2015	53.2	24.5	9.3	10.7	1.7	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		0.0
2020	54.7	22.6	8.5	11.8	2.4	0.0		0.6
2021	52.1	23.0	9.4	12.6	2.8	0.1		2.3
2022	54.1	21.0	10.8	12.7	1.2	0.1		16.1
2023	55.4	21.0	10.2	12.1	1.3	0.1		6.3

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, 2023

Taxable Income per Return	Calendar Year 2023					Calendar Year 2014				
	No. of	% of Total	Total Taxable	% of Total Tax		No. of	% of Total	Total Taxable	% of Total	
	Returns	Returns	Income	Tax Dollars	Dollars	Returns	Returns	Income	Tax Dollars	Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$32 or less	7,049	5%	\$ -	\$ -	0%	3,745	3%	\$ -	\$ -	0%
33 - 12,500	12,267	9%	77,400,000	1,160,000	1%	13,458	11%	77,500,000	1,160,000	2%
12,501 - 25,000	10,264	7%	190,400,000	2,860,000	3%	10,012	8%	185,000,000	2,780,000	5%
25,001 - 50,000	17,530	13%	639,500,000	9,590,000	11%	13,691	11%	495,900,000	7,440,000	12%
50,001 - 100,000	14,955	11%	1,050,400,000	15,760,000	18%	10,391	8%	719,700,000	10,790,000	18%
More than \$ 100,000	8,530	6%	1,747,500,000	26,210,000	30%	3,718	3%	716,100,000	10,740,000	18%
Subtotal	70,595	51%	\$ 3,705,200,000	\$ 55,580,000	64%	55,015	44%	\$ 2,194,200,000	\$ 32,910,000	54%
Non-Resident Taxpayers:										
\$66 or less	9,224	7%	\$ -	\$ -	0%	6,889	6%	\$ -	\$ -	0%
67 - 12,500	14,588	10%	76,600,000	570,000	1%	15,886	13%	81,500,000	610,000	1%
12,501 - 25,000	8,262	6%	151,600,000	1,140,000	1%	9,314	8%	173,400,000	1,300,000	2%
25,001 - 50,000	13,816	10%	509,200,000	3,820,000	4%	15,315	12%	560,400,000	4,200,000	7%
50,001 - 100,000	12,047	9%	836,100,000	6,270,000	7%	11,444	9%	776,300,000	5,820,000	10%
More than \$100,000	5,753	4%	1,281,200,000	9,610,000	11%	4,298	3%	928,900,000	6,970,000	12%
Subtotal	63,690	46%	\$ 2,854,700,000	\$ 21,410,000	24%	63,146	51%	\$ 2,520,500,000	\$ 18,900,000	31%
All Other Returns										
Subtotal	4,819	3%	\$ 695,400,000	\$ 10,430,000	12%	5,901	5%	\$ 433,400,000	\$ 8,600,000	14%
Total	139,104	100%	\$ 7,255,300,000	\$ 87,420,000	100%	124,062	100%	\$ 5,148,100,000	\$ 60,410,000	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 2010/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, 2023

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
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
2022	3,392,051,552	1,721,254,932	199,560,788	428,796,800	5,741,664,072	(269,130)	8.9950	15,875,207,800	36	7.69
2023	3,651,249,357	1,860,347,490	219,027,166	440,049,100	6,170,673,113	(8,847,173)	8.8331	17,426,849,900	35	9.77

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, 2023

		<u>Collected within the Fiscal Year of the Levy</u>				<u>Total Collections to Date</u>		
Fiscal Year					Collections in			
Ended June 30	Tax Year	Original Tax Levy	Amount	Percentage of Levy	Subsequent Years (net of adjustments)	Amount	Percentage of Original Levy	
2014	2013	\$ 31,640,801	\$ 31,561,732	99.75	\$ (322,274)	\$ 31,239,458	98.73	
2015	2014	31,685,204	31,502,619	99.42	(132,167)	31,370,452	99.01	
2016	2015	36,360,029	36,281,099	99.78	(83,003)	36,198,095	99.55	
2017	2016	36,345,588	36,317,720	99.92	(206,072)	36,111,648	99.36	
2018	2017	37,127,348	37,069,247	99.84	(437,785)	36,631,463	98.66	
2019	2018	38,644,162	38,545,648	99.75	(390,351)	38,155,297	98.73	
2020	2019	40,095,650	40,073,330	99.94	-	40,073,330	99.94	
2021	2020	41,645,373	41,641,041	99.99	-	41,641,041	99.99	
2022	2021	44,528,779	44,445,230	99.81	-	44,445,230	99.81	
2023	2022	46,399,770	46,251,187	99.68	-	46,251,187	99.68	

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, 2023

City of Grand Rapids Direct Tax Rates ¹

Fiscal Year	Tax Year	General Operating	Promotional and Advertising	Library ²	Refuse Collection	Parks ⁵	Total City	Total School ³	Total State Education	Total Intermodal Transit	Total County ⁶	Combined Total
Tax Rates: ⁴												
2014	2013	4.1070	0.0116	2.4533	1.6000	-	8.1719	28.0768	6.0000	1.4700	5.3940	49.1127
2015	2014	4.1070	0.0115	2.4533	1.6000	0.9800	9.1518	28.0768	6.0000	1.4700	5.6196	50.3182
2016	2015	4.1070	0.0112	2.4533	1.6000	0.9800	9.1515	28.3768	6.0000	1.4700	5.6196	50.6179
2017	2016	4.0881	0.0112	2.4419	1.6000	0.9754	9.1166	30.3217	6.0000	1.4688	6.0596	52.9667
2018	2017	4.0390	0.0107	2.4125	1.6000	0.9636	9.0258	29.6982	6.0000	1.4632	6.0518	52.2390
2019	2018	4.0095	0.0102	2.3948	1.6000	0.9565	8.9710	29.7181	6.0000	1.4658	6.2947	52.4496
2020	2019	3.9718	0.0096	2.3722	1.6000	0.9475	8.9011	30.2219	6.0000	1.4556	6.2584	52.8370
2021	2020	3.9221	0.0090	2.3406	1.6000	0.9353	8.8070	30.1656	6.0000	1.4457	6.2100	52.6283
2022	2021	3.8644	0.0087	2.3061	1.6000	1.2158	8.9950	29.0835	6.0000	1.4308	6.2474	51.7567
2023	2022	3.7801	0.0080	2.2558	1.6000	1.1892	8.8331	29.0032	6.0000	1.4074	6.2464	51.4901

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 2014 through 2018) and portion of General Operating millage dedicated to Library Operations.

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

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

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

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

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

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

Principal Property Tax Taxpayers (Unaudited)

Current Year and Nine Years Previous
June 30, 2023

Taxpayer	Type of Business	Fiscal Year 2023			Fiscal Year 2014		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric Utility	\$ 123,451,142	1	1.98%	\$ 62,619,018	1	1.42%
DTE Gas Company	Gas Utility	58,086,400	2	0.93%	20,221,249	8	0.46%
Amway Hotel Corporation	Hospitality	48,348,176	3	0.78%	36,873,411	3	0.84%
Spectrum Health	Healthcare	35,387,859	4	0.57%	18,883,839	9	0.43%
G&I X Centerpoint LLC	Retail Shopping Center	32,327,354	5	0.52%	22,164,300	6	0.50%
Steelcase Inc	Office systems design/ manufacturing	31,413,313	5	0.50%	18,115,047	10	0.41%
HP3 LLC	Lodging, dining, retail	28,744,804	7	0.46%	24,103,500	4	0.55%
Grip Medical Properties I LLC	Medical Office Building & Research	27,878,112	8	0.45%			
Brix Grand Rapids Holdings LLC	Real Estate	22,278,585	9	0.36%			
Michigan Christian Home	Retirement Home	21,712,098	10	0.35%			
Kellogg/ Keebler Company	Bakery Products				39,929,300	2	0.91%
Fifth Third Bank, Michigan	Banking / Real Estate				23,453,456	5	0.53%
Michigan Street Development	Medical Office Building Development				22,052,404	7	0.50%
		<u>\$ 429,627,843</u>		<u>6.90%</u>	<u>\$ 288,415,524</u>		<u>6.55%</u>

Note: The principal taxpayers and taxable values were determined from the July 1, 2023, and July 1, 2014, 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 \$6,236,450,833 in 2023 and \$4,357,727,544 in 2014 on the ad valorem tax roll and property granted tax abatements.

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

City of Grand Rapids, Michigan

Computation of Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2023

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 174,875,000	100.00%	\$ 174,875,000
Caledonia Community Schools	148,972,740	0.08%	119,178
Forest Hills Public Schools	137,180,000	2.39%	3,278,602
Godwin Heights Public Schools	21,420,000	9.93%	2,127,006
Kenowa Hills Public Schools	90,930,000	0.59%	536,487
Kentwood Public Schools	146,625,000	8.13%	11,920,613
Kent County	77,915,000	21.71%	16,915,347
Grand Rapids Community College	21,135,000	20.97%	4,432,010
Total overlapping debt	<u>\$ 819,052,740</u>		<u>\$ 214,204,243</u>
City direct debt			<u>64,121,342</u>
Total City direct and overlapping debt			<u><u>\$ 278,325,585</u></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, 2023

Fiscal Year	Governmental Activities							Total Governmental Activities
	General Bonded Debt			Other Debt				
	General Obligation Limited Tax Bonds	Percentage of Personal		Revenue Bonds	State Loans	Leases	SBITAs	
		Income ²	Per Capita ¹					
2014	\$49,773,182	1.23	259	\$28,568,715	-	-	-	\$78,341,897
2015	63,131,172	1.44	326	27,267,913	-	-	-	90,399,085
2016	89,536,548	2.23	459	25,917,111	-	-	-	115,453,659
2017	95,121,080	2.20	478	24,496,310	-	-	-	119,617,390
2018	69,183,773	1.60	348	22,995,508	-	-	-	92,179,281
2019	71,210,367	1.53	356	22,183,481	-	-	-	93,393,848
2020	65,608,041	1.31	332	20,112,680	-	-	-	85,720,721
2021	45,248,041	0.86	227	19,045,068	-	-	-	64,293,109
2022	52,327,373	0.998	265	16,018,260	-	48,488	-	68,394,121
2023	47,541,132	0.831	241	13,916,050	-	23,888	2,640,272	64,121,342
Business-Type Activities								
Fiscal Year	General Obligation Limited Tax Bonds	Revenue Bonds	Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal		
						Income ²	Per Capita ¹	
2014	\$33,404,366	\$391,095,979	-	\$424,500,344	\$502,842,241	12.46	2,615	
2015	32,266,225	393,340,181	-	425,606,406	516,005,491	11.76	2,663	
2016	32,126,772	381,577,159	-	413,703,931	529,157,590	12.30	2,750	
2017	30,655,329	376,691,837	-	407,347,166	526,964,556	12.20	2,650	
2018	30,336,807	415,259,149	-	445,595,956	537,775,237	12.45	2,705	
2019	27,555,565	434,450,540	-	462,006,105	555,399,953	11.94	2,774	
2020	25,956,520	490,811,032	-	516,767,552	602,488,273	12.06	2,997	
2021	24,113,418	477,523,677	-	501,637,095	565,930,204	11.33	2,815	
2022	22,935,028	449,178,638	2,690,387	474,804,053	543,198,174	10.36	2,752	
2023	21,064,677	428,409,916	2,112,559	451,587,152	515,708,494	9.01	2,619	

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

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

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

Legal Debt Margin Information (Unaudited)

Last Ten Fiscal Years

June 30, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 460,590,000	\$ 469,029,515	\$ 493,728,270	\$ 518,584,180	\$ 568,082,080	\$ 600,863,210	\$ 669,287,870	\$ 749,474,220	\$ 806,470,270	\$ 877,920,267
Total net debt applicable to limit	<u>140,405,688</u>	<u>154,636,585</u>	<u>174,316,401</u>	<u>177,217,841</u>	<u>144,338,519</u>	<u>137,831,956</u>	<u>121,161,614</u>	<u>89,856,259</u>	<u>87,280,964</u>	<u>78,943,199</u>
Legal debt margin	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>	<u>\$ 319,411,869</u>	<u>\$ 341,366,339</u>	<u>\$ 423,743,561</u>	<u>\$ 463,031,254</u>	<u>\$ 548,126,256</u>	<u>\$ 659,617,961</u>	<u>\$ 719,189,306</u>	<u>\$ 798,977,068</u>
Total net debt applicable to the limit (as a percentage of debt limit)	30.48%	32.97%	35.31%	34.17%	25.41%	22.94%	18.10%	11.99%	10.82%	8.99%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Value	\$ 8,713,424,950
Add back: exempt property	<u>65,777,720</u>
Total Assessed Value	8,779,202,670
Debt limit (10% of total AV)	877,920,267
Debt applicable to limit:	
Total debt outstanding	467,347,679
Less: exempt debt	<u>388,404,480</u>
Total net debt applicable to limit	<u>78,943,199</u>
Legal debt margin	<u>\$ 798,977,068</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, 2023

				Debt Service Requirements									
Fiscal Year	Gross Revenue ¹		Direct Operating Expenses ²		Available for Debt					Coverage			
					Service	Principal	Interest	Total					
Water Supply System Fund:													
2014	\$	43,659,098	\$	23,906,882	\$	19,752,216	\$	10,406,000	\$	5,409,250	\$	15,815,250	1.25
2015		42,329,577		21,233,153		21,096,424		9,975,593		4,364,828		14,340,421	1.47
2016		44,354,200		24,195,366		20,158,834		10,520,000		4,207,769		14,727,769	1.37
2017		46,783,375		27,503,944		19,279,431		11,235,750		4,409,744		15,645,494	1.23
2018		49,579,416		24,307,415		25,272,001		6,575,000		3,915,535		10,490,535	2.41
2019		51,335,340		29,291,516		22,043,824		7,060,000		5,233,955		12,293,955	1.79
2020		51,668,051		28,367,378		23,300,673		3,775,000		5,649,846		9,424,846	2.47
2021		52,404,308		28,545,746		23,858,562		4,355,000		6,139,754		10,494,754	2.27
2022		53,200,453		27,514,934		25,685,519		4,560,000		5,952,217		10,512,217	2.44
2023		57,088,867		37,473,427		19,615,440		4,770,000		5,755,329		10,525,329	1.86
Sewage Disposal System Fund:													
2014	\$	50,035,417	\$	23,591,788	\$	26,443,629	\$	10,271,776	\$	12,089,764	\$	22,361,540	1.18
2015		52,306,225		22,549,030		29,757,195		7,464,372		12,571,402		20,035,774	1.49
2016		54,728,599		25,256,696		29,471,903		7,614,704		11,529,417		19,144,121	1.54
2017		54,599,465		28,365,449		26,234,016		7,730,000		11,625,970		19,355,970	1.36
2018		56,810,453		27,647,714		29,162,739		9,475,000		12,450,620		21,925,620	1.33
2019		60,801,802		31,090,579		29,711,223		8,935,000		12,977,195		21,912,195	1.36
2020		63,371,023		30,778,153		32,592,870		9,310,000		13,872,244		23,182,244	1.41
2021		61,680,756		31,998,573		29,682,183		11,175,000		13,591,619		24,766,619	1.20
2022		68,003,331		31,845,879		36,157,452		13,025,000		10,211,658		23,236,658	1.56
2023		70,387,939		34,051,696		36,336,243		13,935,000		9,732,525		23,667,525	1.54

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 2014-2019. Fiscal year 2020 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 2014-2019. Fiscal year 2020 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, 2023

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
2014	192,285	\$ 4,034,908,440	\$ 20,984	31.6	15,983	8.1
2015	193,793	4,386,504,555	22,635	30.4	16,852	5.5
2016	195,099	4,007,723,658	20,542	32.1	16,692	4.2
2017	192,416	4,300,690,016	22,351	31.1	16,827	4.3
2018	198,829	4,320,554,170	21,730	31.1	16,587	4.7
2019	200,217	4,650,039,825	23,225	31.1	16,157	3.8
2020	201,013	4,995,575,076	24,852	31	15,313	8.1
2021	198,917	5,251,209,883	26,399	31.4	14,497	7.2
2022	197,416	5,242,579,296	26,556	31.2	14,352	5.0
2023	196,908	5,722,146,480	29,060	31.5	13,633	4.5

Notes: ¹ 2014-2022: U.S. Census Bureau - American Fact Finder-City of Grand Rapids
2023: U.S. Census Bureau Population Estimates- actual data not available due to COVID-19

² 2014-2022: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2014: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
2015-2023: 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, 2023

Employer	Type of Business	2023			2014		
		West Michigan	Rank	Total City	West Michigan	Rank	Total City
		Employees		Employment	Employees		Employment
Spectrum Health	Hospital and medical services	25,000	1	21.1 %	19,100	1	16.2 %
Meijer Inc		10,340	2	8.7 %	7,725	3	6.6 %
Mercy Health	Retailer	8,500	3	7.2 %			
Gentex Corporation	Wholesale/Distribution	5,800	4	4.9 %			0.0 %
Gordon Food Services Inc.	Consumer products manufacturing	5,000	5	4.2 %			
Amway Corporation		3,791	6	3.2 %	5,233	4	4.4 %
Herman Miller Inc	Furniture manufacturing	3,621	7	3.1 %			
Perrigo Company	Food distributor and retailer	3,500	8	3.0 %			
Steelcase Inc		3,500	9	3.0 %	3,227	8	2.7 %
Farmers Insurance Inc		3,500	10	3.0 %			0.0 %
Axios Incorporated	Human Resources and Employment Service				8,000	2	6.8 %
Grand Valley State University	Education				3,991	5	3.4 %
Johnson Controls	Automotive Components				3,900	6	3.3 %
Spartan Stores	Food Distributor and Retailer				3,608	7	3.1 %
Grand Rapids Public Schools	Education				2,907	9	2.5 %
Fifth Third Bank	Banking / Real Estate				2,729	10	2.3 %
		<u>72,552</u>		<u>61.30%</u>	<u>60,420</u>		<u>51.4%</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self-reported employment by the largest employers in West Michigan. The complete list of employers is available at www.rightplace.org/data-center/workforce. As principal local employer information was not available for 2023 from the Right Place, Inc., the figures above reflect 2020 data.

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

Last Ten Fiscal Years

June 30, 2023

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessor	15.0	14.2	14.2	13.9	15.2	15.2	15.2	15.2	15.2	15.2
Attorney	15.0	15.0	17.0	17.0	17.0	17.0	18.0	18.0	18.0	18.0
City Clerk	10.0	9.0	9.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0
Community Development	17.0	14.6	14.6	14.9	15.4	15.4	15.4	15.9	22.7	22.3
Comptroller	16.0	16.3	17.0	17.0	15.0	15.0	15.0	16.0	16.0	16.0
311 Customer Service	10.0	12.0	13.0	13.0	14.0	14.0	14.1	14.1	14.1	13.1
Dispatch	51.0	53.5	53.5	44.0	42.8	42.8	46.0	44.0	47.0	47.0
61st District Court ¹	87.5	85.8	87.3	92.0	92.0	93.0	90.0	94.0	89.0	91.0
Economic Development	1.5	1.2	1.2	1.2	2.2	2.2	2.2	2.4	2.2	2.4
Engineering	26.0	29.4	35.4	36.3	39.1	39.1	40.0	39.3	38.3	38.4
Environmental Services/Sewage	97.7	114.9	117.4	118.2	118.2	119.3	137.3	136.7	136.6	141.7
Equal Opportunity (Admin Services)	4.3	3.3	4.3	4.3	4.3	4.3	4.0	7.0	7.0	8.0
Executive	11.0	11.0	12.8	12.2	18.1	22.2	18.3	19.2	15.7	18.7
Facilities Management	11.8	12.1	12.1	13.7	13.6	13.6	14.6	14.6	14.9	14.9
Fire	189.5	189.5	198.5	198.0	199.0	198.8	199.3	199.3	199.3	199.3
Fiscal Services	10.0	9.5	9.5	9.5	11.3	9.3	8.8	9.8	13.0	14.0
Human Resources	14.3	15.0	19.4	20.2	20.2	20.2	20.8	20.8	20.8	21.6
Income Tax	14.0	14.2	15.2	15.2	16.2	16.2	17.2	17.2	17.2	17.2
Information Technology	4.0	3.4	4.4	3.3	3.3	2.3	3.3	2.3	2.2	2.1
Motor Equipment	32.7	33.7	34.7	33.3	33.4	33.4	34.7	33.8	32.4	32.4
Neighborhood Improvement (Building Inspections)	43.0	44.3	49.2	50.9	56.4	57.4	59.5	59.7	60.2	60.9
Parking Services	32.9	25.1	36.5	38.3	40.3	43.5	45.8	47.3	47.3	47.3
Parks and Recreation	26.0	27.2	31.2	35.2	36.9	37.1	41.6	38.8	41.1	43.6
Planning	11.0	12.3	14.3	13.9	13.4	11.0	13.7	13.4	13.2	13.0
Police	304.0	369.5	321.0	320.0	325.0	325.0	334.0	335.0	328.0	330.0
Public Library ¹	152.0	149.0	150.0	152.0	153.0	156.5	156.5	157.0	159.0	163.0
Streets & Sanitation	74.3	63.8	73.5	75.5	77.4	76.9	123.5	123.5	84.1	87.5
Traffic Safety	34.5	36.4	38.4	37.7	38.1	37.5	23.8	22.7	22.7	22.7
Treasurer	18.0	18.0	18.0	18.0	17.0	17.0	17.0	18.0	18.0	16.0
Water	140.0	128.0	110.3	112.1	112.1	115.0	117.0	117.1	117.0	116.7
Seasonal and Other FTEs ¹	122.6	80.0	97.0	114.2	112.0	116.6	64.3	74.6	83.9	95.0
	1,597	1,611	1,629	1,655	1,682	1,698	1,721	1,738	1,707	1,740

Note: Information provided by the list of authorized positions in the City's Annual Fiscal Plan.

(1) Part- time positions for Library and District Court are included within the respective departments.

Operating Indicators by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2023

Function/Program ¹	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Archives										
Requests ²	1,300	1,300	1,340	1,728	1,501	1,835	3,488	1,410	2,181	1,970
Boxes Stored ⁵	14,147	14,147	14,147	14,147	14,147	14,147	-	18,883	341	18,268
Cubic Feet of Records Stored ⁵	-	-	-	-	-	-	17,102	21,122	335	21,589
Clerk										
Voters in November Election										
Public Safety	16,114	49,153	20,085	85,483	16,114	77,286	28,625	98,095	15,079	77,711
Fire										
Total Calls ²	21,422	21,885	22,256	23,166	24,020	22,395	24,124	23,120	24,543	24,958
Civilian Fire Deaths ²	1	2	1	2	3	3	2	9	1	1
Police										
Major Crimes ²	8,482	6,948	6,288	5,760	5,432	5,405	5,121	5,503	3,852	5,435
Physical Arrests ²	13,235	14,477	14,756	15,142	13,174	13,094	10,869	4,612	5,105	4,279
Public Works										
Refuse										
Tons of Refuse Picked Up	23,590	24,613	26,305	26,683	28,154	31,873	35,708	36,745	36,909	36,007
Tons of Recycling Removed	10,669	10,647	10,118	10,042	9,852	7,244	6,501	8,171	7,573	7,817
Culture and Recreation										
Parks and Recreation										
Open Swim Participants	28,609	51,515	52,432	51,663	39,709	46,585	31,564	8,249	49,515	40,902
Swimming Lesson Participants	442	537	357	345	413	388	223	132	952	1,008
Softball League Teams	129	120	104	95	86	87	34	41	21	-
Public Library										
Library Card Holders	75,490	70,079	69,481	66,966	66,799	66,073	70,855	64,247	45,654	46,594
Total User Count	945,977	912,354	782,899	747,582	683,574	697,626	450,502	92,686	310,520	423,829
Local History Collection Users	35,349	36,356	35,663	35,524	34,819	40,138	25,127	4,879	n/a ⁶	20,077
Total Circulation of Materials	1,629,037	1,604,614	1,598,076	1,372,104	1,407,132	1,423,581	1,171,695	961,739	1,207,512	1,299,371
Urban and Community Development										
Building Permits Issued	2,281	2,552	2,662	2,900	2,884	2,938	2,640	2,529	2,893	2,568
Construction Value	\$ 312,800,000	\$ 245,710,000	\$ 459,870,000	\$ 411,570,000	\$ 497,580,000	\$ 495,340,000	\$ 437,700,000	\$ 572,912,000	\$ 502,075,000	\$ 445,857,366
Business-Type Activities										
Cemeteries										
Burials	408	436	394	408	378	366	385	466	460	380
Parking System										
Event and Visitor Parking	1,021,804	1,090,636	1,108,270	1,108,799	1,437,848	1,630,032	1,176,953	570,974	1,232,169	1,413,869
Sewage Disposal System										
Number of Retail Customers	74,146	74,415	74,628	74,805	75,052	75,241	75,524	75,728	75,955	76,177
New Connections	288	330	303	259	282	306	288	328	297	292
Billions of Gallons Treated ³	15.062	14.753	18.819	15.367	14.705	16.005	16.968	12,844.000	14.294	14.982
Peak Daily Flow (millions of gal.)	71.80	87.65	76.30	80.10	88.30	80.00	87.70	85.70	73.20	87.80
Average Daily Flow (millions of gal.)	41.40	40.53	40.60	42.10	40.37	43.89	46.33	35.18	39.17	41.09
Water Supply System										
Number of Retail Customers ⁴	80,813	82,163	83,340	85,103	86,418	79,875	80,242	80,504	80,787	81,188
New Connections	287	326	315	273	305	389	310	315	273	414
Billions of Gallons Produced	12.997	12.364	12.623	12.565	13.525	12.911	12.735	13.381	13.365	13.651
Peak Daily Flow (millions of gal.)	63.70	63.02	64.02	69.77	66.39	77.14	63.14	75.10	68.80	70.20
Average Daily Flow (millions of gal.)	35.60	33.84	34.68	34.39	37.01	35.31	34.77	36.60	36.60	37.40

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

(4) In FY 2019, customers adjusted due to updated meter count.

(5) In FY20, we determined cubic feet of records stored as a more accurate metric to track activity in our Archives program as opposed to boxes stored.

(6) In FY22, GRPL experienced equipment failure and the data for local history collection users was lost

(7) After FY21 The State of Michigan (MICR) and the federal government (NIBRS) changed their reporting methodology to eliminate UCR Part I (major) and Part II (minor) crime distinctions. The FY2022 figure includes 2021 Crimes Against Person, per Captain Collard's recommendation.

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years
June 30, 2023

<u>Function/Program</u> ¹	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetlights	20,178	20,178	19,307	18,539	18,037	18,037	18,037	18,037	18,037	18,037
Streets										
Miles of paved streets- major	206	206	206	206	206	211	207	211	211	211
Miles of paved streets- local	287	387	387	387	387	393	387	394	394	394
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	71	71	74	74
Number of swimming pools	9	9	3	3	3	3	3	3	3	3
Number of ball diamonds	74	74	74	74	74	74	74	74	74	74
Supervised playgrounds	0	0	0	1	1	1	0	4	4	4
Public Library										
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Business-type Activities										
Parking System										
Parking garages	8	8	8	8	8	8	8	8	8	8
DASH buses	8	8	8	10	10	10	14	14	14	14
Sewage Disposal System										
Miles of sanitary sewers	907	910	913	913	915	920	921	925	928	931
Water Supply System										
Miles of water mains	1,165	1,167	1,169	1,175	1,178	1,185	1,187	1,188	1,192	1,194

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

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