



CITY OF
GRAND
RAPIDS

Comprehensive Annual Financial Report

City of Grand Rapids, Michigan | Year Ended June 30, 2020

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

FY2020

The Blue Bridge. The Blue Bridge stretches across the Grand River with access points next to GVSU 's Eberhard Center and the Grand Rapids River walk near Plaza Towers. The bridge was originally constructed in 1892 as a railroad bridge, but now has been converted into a pedestrian walk. The Blue Bridge is iconic to the city and is the one of the longest truss bridges in Michigan.

Accessibility

- Getting Around the Venue: The bridge is accessed from 100 Front Street NW, and 55 Campau Avenue NW.

The sidewalks that connect Front Street with the Blue Bridge, and Campau Avenue are wide, stable and level. The sidewalks on the both ends of the bridge connect with the riverfront boardwalk.

The Front Street side of the bridge connects to the boardwalk by steps and a curved ramp. There are no handrails along the ramp run.

The Campau Avenue side of the bridge connects to the boardwalk by steps and a ramp. The ramp has handrails along both sides of the ramp run.

There are no public restrooms available.

- Accessible Parking Options: Riverfront Plaza Ramp at 55 Campau Avenue NW. — 0.09 miles from the venue.

Louis-Campau Ramp at 43 Monroe Avenue NW. — 0.1 miles from the venue.

**CITY OF GRAND RAPIDS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2020

Prepared by:

**Comptroller's Office
Charles M. Frantz
Comptroller**

Elected Officials

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

Appointed Officials

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

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Comprehensive Annual Financial Report
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Grand Rapids
Michigan**

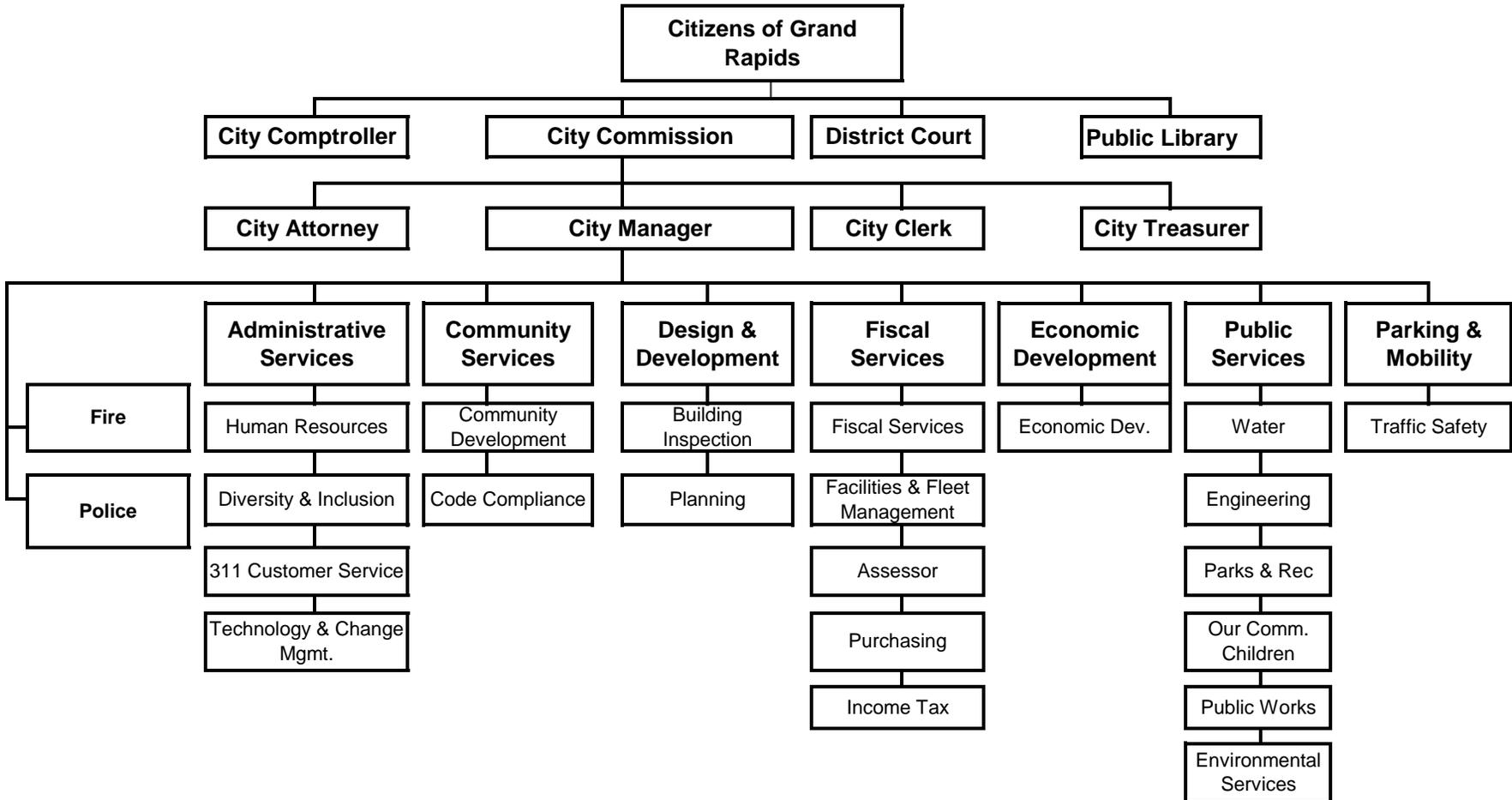
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

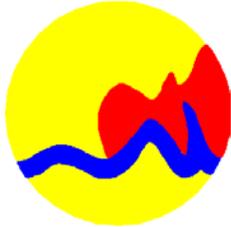
Christopher P. Morill

Executive Director/CEO

**City of Grand Rapids
Organizational Chart
FY 2020**



City Comptroller
Charles M Frantz



CITY OF GRAND RAPIDS

November 30, 2020

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Grand Rapids (the City), Michigan for the fiscal year ended June 30, 2020 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 generally accepted accounting principles in the USA (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets state law requirements.

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

Plante & Moran, PLLC, independent auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

The City also provides **business-type activities** which include the water and sewer systems, parking services, cemeteries, Belknap Ice Arena, and Indian Trails Golf Course. The water and sewer systems provide retail service to over 80,300 retail customers in the City and suburban communities, as well as wholesale service to communities that operate their own municipal water and sewer systems. The Parking System operates over 8,210 off-street and 3,270 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 Comprehensive Annual 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
- 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 have been reported as pension trust funds within the fiduciary funds.

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

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

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

The City is a significant economic presence in the region. This year the City raised and spent approximately \$390 million on governmental and proprietary services. The City is a service organization, so its single largest expense is payroll costs, but as is true most years, about 19% 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 57 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 2020 declined 0.45 percent from fiscal year 2019 to \$104.5 million; and revenue from property taxes increased 3.8 percent to \$43.2 million.

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

CITY'S FINANCIAL POSITION

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

Local Economy

The City is the economic, governmental and cultural hub of West Michigan. Situated on the Grand River approximately 28 miles east of Lake Michigan and 66 miles west of Lansing, the state capital, the City encompasses an area of 44.4 square miles with a population of 201,013, making it the second most populous city in the state of Michigan and the 113th most populated in the United States. The City hosts federal courts for the Western District of Michigan, and is the county seat of Kent, which has a population of 662,896. The four-county Metropolitan Statistical Area (MSA) has a population of over one million while the Combined Statistical Area includes 1.4 million people (Wikipedia, 2019).

The City boasts a diverse economy hosting major industries such as health services; manufacturing; professional, scientific and technical services;

administrative, support and waste management services; accommodation and food services; trade; finance and insurance; arts, entertainment and recreation; information; transportation and warehousing; real estate; education and utilities. Top employers in West Michigan include: Spectrum Health, Meijer, Mercy Health, Amway, Gentex, Steelcase, Grand Valley State University, Grand Rapids Public Schools, SpartanNash, and Lacks Enterprises.

The local economy has been affected by COVID-19 during the past year. The Grand Rapids unemployment rate increased to an average annual rate of 8.1 percent for fiscal year 2020 and have been declining from peaks reached in April and May. Income tax withholding payments during the first half of 2020 are trending below projections due to COVID-19 and currently down approximately 6%. Construction activity is down 50%. Building permitting is also down 20%. Although the current assessed value of most real property remains below the levels of five and ten years ago, commercial property is up and residential continues to increase year over year.

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

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

Public Safety is a high priority for the City and its Departments. The Grand Rapids Police Department was awarded Law Enforcement accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA), and the Fire Department became first in state to achieve Insurance Services Office 1 rating. Among the goals of CALEA are crime prevention and control, fair and nondiscriminatory personnel practices, interagency cooperation and coordination, and community and staff confidence.

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

The City within the Larger Economy

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

Long-Term Financial Planning

Efforts have been underway to invest dedicated parks millage dollars in the City's parks, pools and playgrounds. Over the course of the 7-year millage, every park in the city is getting upgrades. Additionally, complete reconstruction of City streets is now underway in addition to rotomilling, resurfacing and repairing roads to reach a goal of 70 percent of streets in good or fair condition by 2030; a significant source of funding having been provided by the 15-year income tax extension approved by voters in 2014. Having received the generous support of taxpayers and the benefits of a growing economy, it may be time to turn attention to legacy costs in order that future generations do not unnecessarily bear the burden of liability to come.

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

Relevant Financial Policies

In June 2011, the City Commission adopted a new fund balance policy that complies with GASB 54 requirements. This policy established five new classifications (non-spendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund and all special revenue funds. The classifications comprise a hierarchy based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in those funds can be spent. The five classifications are further categorized into two groups, **restricted** (non-spendable and restricted) and **unrestricted** (committed, assigned, and unassigned). This policy states specifically that the General Operating Fund will maintain an unassigned balance equal to 15 percent of its expenditures. The Budget Stabilization Fund, as allowed by Public Act 30 of 1978, was reopened in fiscal year 2013 with a goal of holding an additional 10 percent of General Fund Expenditures in preparation for the next economic downturn. For financial reporting, this fund is consolidated with the General Fund as required by GASB 54. The combined funds achieved the desired total fund balance of 25 percent of expenditures during fiscal year 2020. The unassigned fund balance of the General Fund ended the current year at 25.6 percent and the Budget Stabilization Fund ended at 9.87 percent of fiscal year 2020 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 additional support from the State in future years. State gas and weight tax receipts used to maintain streets were supplemented in 2019 by appropriations from the state's general fund. The repair efforts were jump-started using financing from three bond issues, one of which was repaid in October 2017, and the remainder to be paid by future income tax receipts over the next several years. Using the Pavement Surface Evaluation and Rating (PASER) system, approximately 61 percent of the streets are at Good or Fair condition.

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

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019; 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 Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both 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, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

ACKNOWLEDGEMENTS

The timely, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the Office of the City Comptroller. I appreciate the time and talent of everyone who contributed to this document. The people who live, work in, or receive services from the City of Grand Rapids might also appreciate the behind-the-scenes work and responsibility that has gone into this description of the City's stewardship of the resources entrusted to it. I would also like to thank the members of the City Commission and the City Manager and his staff for their interest and efforts in planning and conducting the financial operations of the City in a balanced manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles M. Frantz".

Charles M Frantz
City Comptroller

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of City of Grand Rapids General Retirement System as of and for the year ended June 30, 2020 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2019, which represent 93 percent, 92 percent, and 91 percent of the assets, net position, and revenue, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2020 and the City of Grand Rapids Police and Fire Retirement System as of and for the year ended December 31, 2019, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan as of June 30, 2020 (December 31, 2019 for the City of Grand Rapids Police and Fire Retirement System) and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, the 2019 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Supplemental Information

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

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020 on our consideration of the City of Grand Rapids, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Michigan's internal control over financial reporting and compliance.



November 20, 2020

City of Grand Rapids, Michigan 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, 2020. 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, 2020, net position totalled \$760,629,649. The unrestricted portion of this amount, \$20,945,600, may be used to meet the government's on-going obligations to citizens and creditors, consistent with the purpose in which the funds were accumulated.
- During the current fiscal year, the net OPEB liability decreased by \$29,207,079 as a result of plan assets increasing faster than plan liabilities during the year. This is expected to be the typical pattern most years as contributions to fund the Unfunded Actuarial Accrued Liability are made by the City and as the current plan members continue to lose the eligibility for the benefit when they reach age 65.
- The City's total net position increased by \$22,198,751 during the fiscal year. Governmental activities increased net position by \$5,230,895. The increase within governmental activities was a result of revenue growth out pacing the increase in expenses. Business-type activities increased net position by \$16,967,856 driven by positive operating results in all three major enterprise funds.
- At June 30, 2020, the City's governmental funds reported combined fund balances of \$152,240,338, an increase of \$2,041,237 from the previous year. A total of \$5,878,807 of the fund balance for governmental funds is *nonspendable*, and the fund balance of \$33,242,576 is *restricted* as to purpose by an outside party, which means \$113,118,955 is available for spending at the City's discretion, but only within the purpose of the individual funds where the fund balance is located. Only the *unassigned* fund balance of the General Fund, a total of \$37,037,796 at June 30, 2020, 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 \$37,037,796 at year-end; a decrease of \$1,096,371 from the previous year and 25.6% of 2020 General Fund expenditures. The unassigned fund balance at the end of the year was \$15.3 million above the fund balance policy. The Commission also created a Budget Stabilization Fund with a policy goal that it hold 10% of current General Fund expenditures. That goal was first achieved in fiscal year 2016. State law requires this be held in a separate fund to better control its use, but accounting standards dictate its presentation be blended as part of the General Fund. The current balance of 9.87% of current General Fund expenditures is presented as \$14,298,835 in committed fund balance within the General Fund.
- The City issued \$80,210,000 of new debt during the fiscal year. The total debt of the City and its component units increased by \$25,764,658 as a result of new debt issuance exceeding principal payments and other reductions. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.
- During the current fiscal year, the primary government's net pension liability decreased \$27,801,474 primarily due to positive investment returns for Police and Fire Pension and a decrease in investment rate of return from 7.15% to 7.0% for the General Plan. The impact on pension expense recognition is muted in any one year because differences, positive and negative, between expected and actual changes in the components used to calculate net pension liability are deferred and recognized over the following two, three, or four years as shown on the schedule on page 73. A total of \$19.3 million in net deferred outflows of resources have been created to reduce pension expense and offset potential negative experience in the next four years.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that resulted from cash flows in prior years or will result in cash flows in future fiscal periods (e.g., depreciation and amortization, changes in pension liabilities, and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and urban and community development. The major business-type activities of the City are the Water Supply System, Sewage Disposal System, and the Parking System.

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

The government wide statements can be found on pages 15-16 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 17-20 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 18 and 20.

The City maintains six major and nineteen 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 109-112.

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 108 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 113.

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, 311 Customer Service, Engineering, and Insurance Payment 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 21-25 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 114-120.

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, private-purpose and agency tax funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report with important additional detail on pages 123-125.

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 30-95 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* regarding the budgetary comparisons of the City's general fund and the major and local street special revenue funds as well as multi-year schedules of funding for the City's defined benefit retirement and OPEB programs. This supplementary information is found on pages 97-107 following the notes to financial statements.

At the end of the report, on pages 129-148 are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall financial position of the City by showing current information in a multi-year context.

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities 2020	Governmental Activities 2019 <i>(restated-Note 13)</i>	Business-Type Activities 2020	Business-Type Activities 2019	Total Primary Government 2020	Total Primary Government 2019 <i>(restated-note 13)</i>
Current and other assets	\$ 255,954,426	\$ 239,572,258	\$ 245,724,650	\$ 228,783,826	\$ 501,679,076	\$ 468,356,084
Capital assets, net of accumulated depreciation	306,628,146	295,872,592	899,614,236	838,597,191	1,206,242,382	1,134,469,783
Total Assets	562,582,572	535,444,850	1,145,338,886	1,067,381,017	1,707,921,458	1,602,825,867
Deferred outflows of resources	38,596,532	81,696,785	17,937,101	19,634,303	56,533,633	101,331,088
Current liabilities	34,775,448	26,723,014	36,065,607	35,306,801	70,841,055	62,029,815
Non-current liabilities	348,147,914	408,559,145	544,025,094	487,521,588	892,173,008	896,080,733
Total Liabilities	382,923,362	435,282,159	580,090,701	522,828,389	963,014,063	958,110,548
Deferred inflows of resources	37,987,648	6,822,277	2,823,731	793,232	40,811,379	7,615,509
Net investment in capital assets	229,721,640	212,706,137	441,758,325	426,225,161	671,479,965	638,931,298
Restricted net position	32,130,138	35,893,928	36,073,946	37,902,922	68,204,084	73,796,850
Unrestricted net position	(81,583,684)	(73,562,866)	102,529,284	99,265,616	20,945,600	25,702,750
Total Net Position	\$ 180,268,094	\$ 175,037,199	\$ 580,361,555	\$ 563,393,699	\$ 760,629,649	\$ 738,430,898

Total net position at June 30, 2020 was \$760,629,649, an increase of \$22,198,751 from the net position at June 30, 2019 of \$738,430,898.

The City's current and other assets increased by \$33,322,992 or 7.11%. Governmental activities saw a \$16,382,168 increase in current and other assets attributable to higher receipts with less purchases, \$6.0 million in unspent bond proceeds and a \$5.7 million increase in receivables. Business type activities saw a \$16,940,824 increase in current and other assets primarily due to the issuance of water and sewer bonds during the year.

Total deferred outflows of resources decreased by \$44,797,455 during the year. The decline was mainly due to higher than expected investment returns for the Police and Fire Pension System.

The total liabilities of the primary government increased 0.51% or \$4,903,515. Current liabilities increased \$8,811,240 or 14.2%. Non-current liabilities decreased \$3,907,725 or 0.44%.

Total deferred inflows of resources increased by \$33,195,870 during the year primarily from the net difference between projected and actual earnings on pension plan investments and the three retiree health care plans. Savings for the retiree health care plans will be amortized over the average service life.

By far, the largest portion of the City's net position (88.3%) 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* \$20,945,600, 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 \$37 million of the General Fund's *unassigned* fund balance shown on page 17 is freely available or transferable to support the operations of the General Fund or of any other fund. As noted on page 3, the ending unassigned fund balance is \$15.3 million more than the target goal in the fund balance policy.

At June 30, 2020, the City is able to report positive balances in all three categories of net position.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets						
(net of depreciation)						
	Governmental Activities 2020	Governmental Activities 2019 (restated-Note 13)	Business-Type Activities 2020	Business-Type Activities 2019	Total 2020	Total 2019 (restated-Note 13)
Land	\$ 25,852,182	\$ 25,286,504	\$ 14,706,068	\$ 14,871,660	\$ 40,558,250	\$ 40,158,164
Easements/Right of Way	1,260,825	1,245,449	3,065,549	2,387,397	4,326,374	3,632,846
Land improvements	27,561,926	22,151,403	8,834,443	8,675,939	36,396,369	30,827,342
Buildings and structures	60,745,398	62,906,856	89,651,200	90,972,516	150,396,598	153,879,372
Storage tanks	-	-	9,433,567	9,220,130	9,433,567	9,220,130
Machinery and equipment	16,323,124	6,676,668	83,080,224	76,945,567	99,403,348	83,622,235
Motor vehicles	23,938,133	23,495,783	3,539,088	1,996,194	27,477,221	25,491,977
Furniture	35,017	65,457	7,384	11,348	42,401	76,805
Software	52,425	96,749	19,305	57,549	71,730	154,298
Water and sewer mains	-	-	583,230,789	580,448,912	583,230,789	580,448,912
Infrastructure	107,765,683	119,601,058	-	-	107,765,683	119,601,058
Construction in progress	43,093,433	34,346,665	104,046,619	53,009,979	147,140,052	87,356,644
Total	\$ 306,628,146	\$ 295,872,592	\$ 899,614,236	\$ 838,597,191	\$ 1,206,242,382	\$ 1,134,469,783

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$1,206,242,382 (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 \$127.5 million. Major capital asset events during the current fiscal year included the following:

- Various additions and improvements were completed in the Water Supply System at a cost of \$49,184,886. Construction in progress on additional projects as of June 30, 2020 totalled \$29,942,946.
- Various additions and improvements were completed in the Sewage Disposal System at a total cost of \$72,731,961. Construction in progress in on-going projects at the close of the fiscal year increased to a total of \$74,051,945.
- New motor vehicles were purchased by the Motor Equipment System Fund and the Fire Department for \$5,714,957.

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

City of Grand Rapids' Outstanding Debt						
Limited Tax Bonds, Revenue Bonds and Long-term Contracts						
	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total 2020	Total 2019
Limited tax pledge bonds	\$ 50,775,800	\$ 56,008,800	\$ 24,740,000	\$ 26,180,000	\$ 75,515,800	\$ 82,188,800
Revenue bonds	18,735,000	21,375,000	431,604,480	387,574,480	450,339,480	408,949,480
Long-term contracts	<u>11,456,300</u>	<u>12,151,650</u>	<u>871,814</u>	<u>1,098,656</u>	<u>12,328,114</u>	<u>13,250,306</u>
Total	<u>\$ 80,967,100</u>	<u>\$ 89,535,450</u>	<u>\$ 457,216,294</u>	<u>\$ 414,853,136</u>	<u>\$ 538,183,394</u>	<u>\$ 504,388,586</u>

Long-term debt: At June 30, 2020 the City had total long-term debt outstanding of \$538,183,394. Of this amount, \$75,515,800 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds generally require the City to provide sufficient moneys from its general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within its boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. As a practical matter the City pledges its limited full faith and credit on various debt issues to lower debt service costs paid by funds other than the general fund; e.g. the building authority, library, streets, etc. The remainder of the City's debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City's total bonded debt does not include the June 30, 2020 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$30,821,601 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 2020. Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

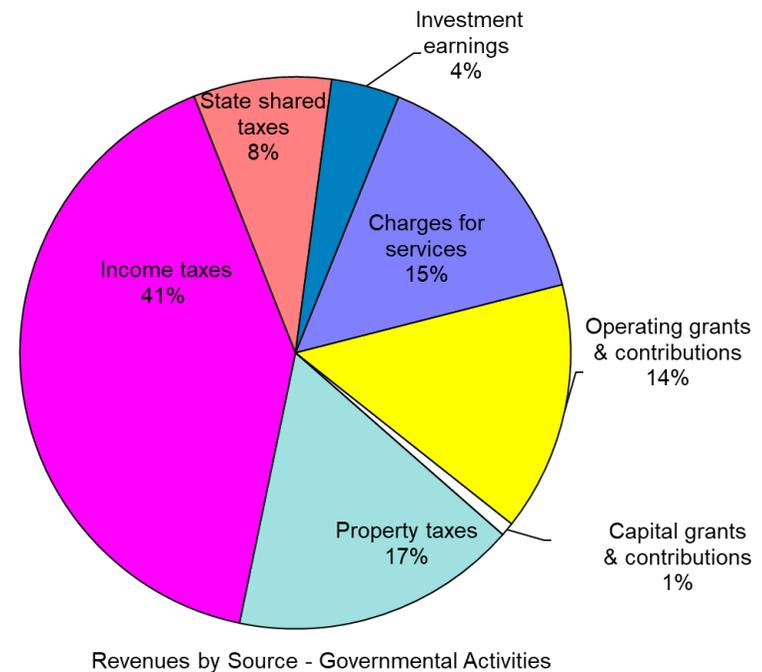
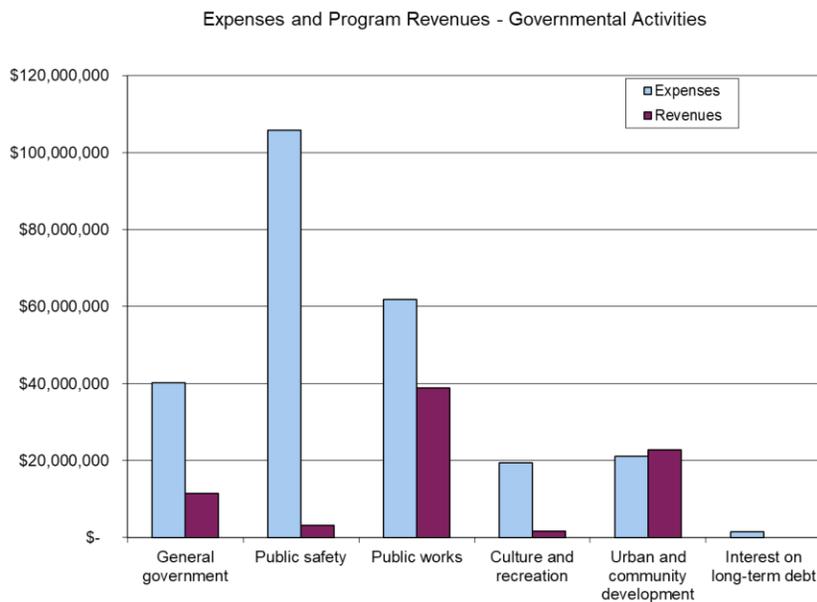
Changes in Net Position

	City of Grand Rapids' Changes in Net Position					
	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total Primary Government 2020	Total Primary Government 2019
Revenues:						
Program Revenues:						
Charges for services	\$ 38,179,459	\$ 43,901,930	\$ 126,960,489	\$ 126,110,789	\$ 165,139,948	\$ 170,012,719
Operating grants and contributions	37,619,348	39,313,771	616,323	631,994	38,235,671	39,945,765
Capital grants and contributions	2,171,218	3,520,635	5,244,502	5,156,169	7,415,720	8,676,804
General Revenues:						
Property taxes	43,167,224	41,591,480	-	-	43,167,224	41,591,480
City Income taxes	104,590,639	105,064,760	-	-	104,590,639	105,064,760
Intergovernmental, unrestricted	20,853,440	21,709,793	-	-	20,853,440	21,709,793
Unrestricted investment earnings	10,265,778	7,762,294	6,566,634	5,974,331	16,832,412	13,736,625
Miscellaneous	206,916	842,188	635,844	564,224	842,760	1,406,412
Gain (loss) on sale of capital assets	-	172,522	-	(227)	-	172,295
Total Revenues	<u>257,054,022</u>	<u>263,879,373</u>	<u>140,023,792</u>	<u>138,437,280</u>	<u>397,077,814</u>	<u>402,316,653</u>
Expenses:						
General government	40,282,684	35,996,997	-	-	40,282,684	35,996,997
Public safety	106,538,215	121,743,341	-	-	106,538,215	121,743,341
Public works	61,821,864	56,037,610	-	-	61,821,864	56,037,610
Culture and Recreation	19,476,730	22,132,872	-	-	19,476,730	22,132,872
Urban & Community Development	21,167,228	20,378,186	-	-	21,167,228	20,378,186
Interest on long-term debt	1,440,151	3,650,427	-	-	1,440,151	3,650,427
Water Supply System	-	-	43,039,468	43,032,854	43,039,468	43,032,854
Sewage Disposal System	-	-	59,197,195	55,587,737	59,197,195	55,587,737
Parking System	-	-	19,019,579	22,154,543	19,019,579	22,154,543
Other Enterprises	-	-	2,895,949	2,675,817	2,895,949	2,675,817
Total Expenses	<u>250,726,872</u>	<u>259,939,433</u>	<u>124,152,191</u>	<u>123,450,951</u>	<u>374,879,063</u>	<u>383,390,384</u>
Change in Net Position before Transfers	6,327,150	3,939,940	15,871,601	14,986,329	22,198,751	18,926,269
Transfers	(1,096,255)	(2,689,320)	1,096,255	2,689,320	-	-
Change in Net Position	5,230,895	1,250,620	16,967,856	17,675,649	22,198,751	18,926,269
Net Position - beginning, as restated	<u>175,037,199</u>	<u>172,281,511</u>	<u>563,393,699</u>	<u>545,718,050</u>	<u>738,430,898</u>	<u>717,999,561</u>
Net Position - ending	<u>\$ 180,268,094</u>	<u>\$ 173,532,131</u>	<u>\$ 580,361,555</u>	<u>\$ 563,393,699</u>	<u>\$ 760,629,649</u>	<u>\$ 736,925,830</u>

* Net Position-beginning was restated for 2020 Governmental and Total Primary Government.

Governmental activities: Governmental activities increased the City's net position by \$5,230,895. Key elements within this change are as follows:

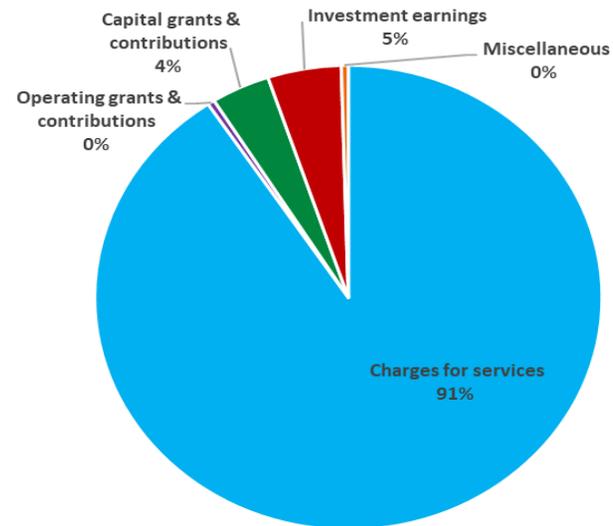
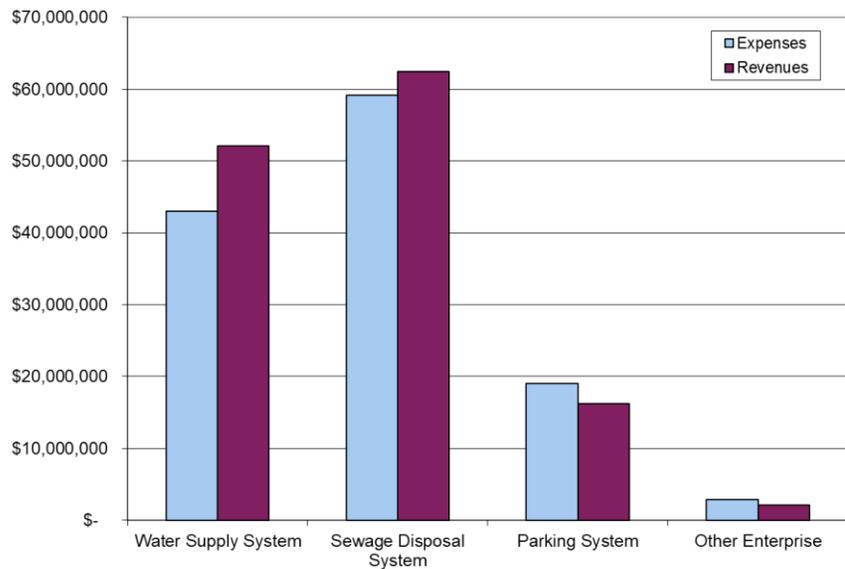
- Tax revenues held steady. A \$1.5 million increase in property taxes was offset by losses in income tax and state shared taxes. The \$5.7 million decrease in General Government charges for services is following a bond refunding for the State of MI Monroe Avenue office, the State now pays the bank directly. There was a \$1.57 million decrease in Public Works operating grants and contributions due mainly to no supplemental funding for roads in FY20. Public Work also had a decrease of \$1.3 million in capital grants due to less eligible project reimbursements.
- Public safety expenses decreased \$15.97 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 other police and fire personnel costs accounted for the entire decrease in expenses this year.
- Public safety expenses, primarily police and fire department personnel costs, remain the largest single category of City spending.
- General government expense increased \$4.3 million mainly due to increased personnel costs.
- Public works expenses increased \$5.78 million from the prior year. Most of the increase was capital outlay expense.
- Culture and Recreation expenses decreased \$2.6 million. Most of the decrease was capital outlay expense.
- Unrestricted investment earnings in 2020 were \$3.1 million above the prior year. Interest on long-term debt decreased \$2.2 million.



Business-type activities: Business-type activities increased the City's net position by \$16,967,856. The key elements of this increase are as follows:

- The Water System's billed volume fell (7.89%) over the previous year's largely due to wet weather conditions and reduced volume during the COVID-19 pandemic. A mid-year rate increase of 2.47% and a change in the retail revenue accrual methodology resulted in an overall increase in sales by over \$500,000.
- The Sewer System's billed volume fell (4.12%) over the previous year's largely due to wet weather conditions and reduced volume during the COVID-19 pandemic. A mid-year rate increase of 3.49% and a change in the retail revenue accrual methodology resulted in an overall increase in sales by over \$2,300,000.
- The Parking System had an operating loss of \$1,551,641 during the year. This was primarily due to COVID-19 Stay Home Stay Safe Executive Order. Which had significant impacts to Events, Daily and On-Street Parking revenues.
- The three major funds were able to generate an operating margin sufficient to fund their current operating expenses, all required debt service payments, and increase their net position.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities

Financial Analysis of the City's Funds

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

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

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$152,240,338. Of this total, all but \$37,037,796 of unassigned fund balance has been spoken for in the sense that it is either non-spendable, restricted by an outside party, committed to identified projects by the City Commission, assigned to a specific fund or purpose prior to year-end, or a deficit in a governmental fund. A summary of restrictions by fund appears on page 17.

The General Fund is the primary operating fund of the City. At June 30, 2020, the fund had an unassigned fund balance of \$37,037,796. 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 25.6% and 44.3% respectively of total fiscal year 2020 General Fund expenditures, compared to the unassigned and total fund balance representing 26.8% and 44.2% of fund expenditures a year earlier. The fund's fund balance increased \$1,220,150 during fiscal year 2020. As originally adopted, the budget anticipated an increase in fund balance of \$2,964,455. Three things explain most of the \$1.7 million difference. Tax revenues were about \$2.1 million below the initial budget estimate, investment gains were \$1.6 million above the budget, and general government expenditures were \$1.38 million below the original estimate.

The Major Street Fund saw an increase of \$4,880,123 in fund balance. This is mainly due to an \$1 million increase in tax revenue, along with \$0.5 million in charges for services and almost \$2 million less than original budget for capital outlay.

The Local Street Fund saw an increase of \$202,595 in fund balance. While revenues were \$1,147,756 lower than anticipated, expenditures were controlled and lower for contractual services and supplies resulting in the slight fund balance increase.

The fund balance of the three Capital Construction Funds saw a combined decrease in fund balance of \$5,321,358. As resources for upcoming projects were added slightly faster than the spending on previously funded projects was occurring in the Vital Streets Capital Fund, the Street and General Construction Funds were completing projects.

The fund balances of the City's non-major governmental funds had an increase of \$969,049.

Library had an increase of \$2,033,030 and Parks and Recreation had an increase of \$680,851 to offset the Refuse planned decrease of \$945,201 and the \$513,569 decrease in Transformation.

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 \$90,012,178. The total net position for enterprise funds is \$567,844,449, the bulk of which are the assets used to provide service to customers. The major factors concerning the finances of the three major funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year the general fund budget increased by \$2,847,832. The changes were:

- \$550,000 was appropriated for Street Lighting work from additional revenues recognized over-and-above that which was anticipated in the FY2020 adopted budget.
- \$517,500 was transferred into the General Fund from reserved fund balance within the Transformation Fund to provide the resources necessary for several Third Ward Equity Fund Investments.
- \$119,636 was appropriated for census engagement and medical marijuana education and outreach from state and county grants.
- \$46,900 was appropriated to support the Neighborhood Summit from donations received.
- \$284,516 was re-appropriated to allow several departments to complete efforts begun in the prior fiscal year.
- \$1,329,280 was appropriated for sale proceeds from the sale of City property to Kent County.

The adopted contingency budget was \$1,500,000 of which \$1,223,226 was allocated to specific projects. Contingency appropriation was provided for the following:

- \$50,000 was appropriated for repairs to remediate hazardous conditions and deterioration.
- \$101,226 was appropriated for costs associated with the Presidential Primary election and increase in absentee voter applications.
- \$165,000 was appropriated for emergency maintenance costs associated with Knapp's Corner Drain District.
- \$907,000 was appropriated to transfer to the District Court Fund to eliminate the projected deficit in that fund.

Actual departmental and other expenditures and transfers-out in the General Fund were \$10,149,406 below amended appropriations, achieving the budgeted appropriation lapse of \$4,300,000.

Revenues for the year ended June 30, 2020 were \$5,523,870 lower than originally budgeted. The primary driver of this decrease was in charges for services which was 24% underbudget.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2021 (FY21) budget. Once again, the City's strategic plan was employed to guide investments included in our Fiscal Plan. Progress requires strategic focus on outcomes, dedication, targeted investment and transparent performance measurement that is data driven. Strategic planning harnesses the energy of an organization and directs it toward work that will achieve the highest priority outcomes. Reporting on results enables us to evaluate progress, understand impact on outcomes and make adjustments as necessary.

The Strategic Plan has served us well in good times and is even more valuable now. Reliance on the Strategic Plan enabled development of a Fiscal Plan that is fiscally sustainable, remains focused on our values, continues progress toward outcomes, and emphasizes investments in community and economic recovery. Unlike past fiscal years, the FY21 Fiscal Plan is built on projections of a reduction in revenues due to the COVID-19 pandemic. In turn, that required a rapid and significant pivot in the scope of planned expenditures while minimizing reductions to essential services in a fiscally responsible and sustainable way. The City has received stimulus funding from county, state and federal resources that will assist in response and recovery. Staff invested significant effort planning for a much different FY21 Fiscal Plan. A series of investments were proposed and vetted that under different circumstances would have been included in the adopted budget. We will continue to monitor

economic performance throughout the fiscal year and if the economic realities are different than our initial projections, we will be able to quickly adjust and propose budget amendments. We were able to pivot rapidly because of the foundation of the Strategic Plan.

The adopted budget for FY21 projected a 1.0% decrease in the local income tax collections below the FY20 estimated revenue, or 2.5% below the actual FY20 results. Total local property tax revenues are expected to show a modest increase from the final revenues in FY20. Future budget forecasts reflect the maintenance of effort support from the General Fund that were promised to the voters as a part of the successful campaigns to create dedicated tax revenues to support parks and street improvements. The Parks Fund will receive \$6.17 million and the Vital Streets Fund will receive \$850,000 of General Fund support in fiscal 2021. The Vital Streets Fund received an additional maintenance of effort transfer in FY21 from a budget amendment in the amount of \$2.55 million approved to partially fund a debt service balloon payment made in August 2020. In addition, forecasts anticipate continuing General Fund subsidies providing approximately half of the cost of operating the District Court, as well as continuing to provide any required local grant match dollars required by the District Court or the Grants Fund.

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. FY21 is the fifteenth year that five-year operating budgets have been prepared. The current five-year forecast reflects spending in excess of revenues for the major governmental funds over the forecasted period. Additionally, a reduced capital set-aside may be insufficient to maintain all City asset classes over a long-term horizon. 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 City must continue to invest strategically so that we may become sustainable in all areas of operation. There needs to be a conscious effort to continue to maintain the operational budgetary discipline of revenues exceeding expenditures created by increasing efficiencies, paying continued careful attention to total compensation and by implementing data-driven performance management. We will continue to refine the city-wide strategic plan which was built upon commission priorities, citizen input and buy-in from top management across the organization.

Requests for Information

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



City of Grand Rapids, Michigan
Statement of Net Position
Government Wide
June 30, 2020

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total Primary Government	
ASSETS				
Equity in pooled cash and investments (Note 2)	\$ 229,843,684	\$ 122,253,873	\$ 352,097,557	\$ 33,468,217
Receivables, net	23,690,239	22,781,719	46,471,958	536,783
Internal balances	(11,487,106)	11,487,106	-	-
Due from other governmental units	6,274,383	-	6,274,383	91,350
Inventories	2,600,571	3,019,409	5,619,980	-
Prepaid expenses and other assets	-	126,000	126,000	39,443
Restricted assets (Notes 2 and 4)	5,032,655	83,353,080	88,385,735	-
Investment in joint venture (Note 1)	-	2,472,900	2,472,900	-
Other assets	-	230,563	230,563	-
Capital Assets (Note 5):				
Non-depreciable	70,206,440	121,818,236	192,024,676	11,117,417
Depreciable, net	236,421,706	777,796,000	1,014,217,706	15,929,250
Total assets	562,582,572	1,145,338,886	1,707,921,458	61,182,460
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Note 7)	27,879,022	6,104,726	33,983,748	1,636,764
Deferred outflows related to OPEB (Note 8)	7,898,872	918,917	8,817,789	259,813
Deferred on refunding of bonds	2,818,638	10,913,458	13,732,096	1,130,564
Total deferred outflows of resources	38,596,532	17,937,101	56,533,633	3,027,141
LIABILITIES				
Accounts payable and accrued expenses	30,134,013	4,348,722	34,482,735	7,676,906
Accrued interest payable	796,397	9,725,513	10,521,910	112,456
Due to other governmental units	136,386	-	136,386	-
Unearned revenues	1,511,728	313,053	1,824,781	1,000
Customer deposits	2,196,924	-	2,196,924	-
Payable from restricted assets:				
Bonds and contracts payable (Note 6)	-	13,085,000	13,085,000	-
Accrued interest and other	-	8,593,319	8,593,319	-
Noncurrent liabilities:				
Due within 1 year: (Note 6)	34,855,727	3,007,141	37,862,868	6,867,426
Due in more than 1 year: (Note 6)	69,587,242	503,214,257	572,801,499	9,457,861
Net pension liability (Note 7)	187,474,181	30,084,951	217,559,132	8,066,200
Net OPEB liability (Note 8)	56,230,764	7,718,745	63,949,509	2,182,388
Total liabilities	382,923,362	580,090,701	963,014,063	34,364,237
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions (Note 7)	14,141,525	524,609	14,666,134	140,655
Deferred inflows related to OPEB (Note 8)	23,846,123	2,299,122	26,145,245	650,051
Total deferred inflows of resources	37,987,648	2,823,731	40,811,379	790,706
NET POSITION				
Net investment in capital assets	229,721,640	441,758,325	671,479,965	14,263,502
Restricted for:				
Expendable:				
Public Safety	1,077,605	-	1,077,605	-
Cultural and recreation	532,773	-	532,773	-
Public Works	24,505,800	-	24,505,800	-
Debt service	-	36,073,946	36,073,946	-
Authorized projects	-	-	-	23,566,048
Urban and community development	2,975,253	-	2,975,253	-
Nonexpendable:				
Perpetual care	3,024,437	-	3,024,437	-
Cultural and recreation	14,270	-	14,270	-
Unrestricted (deficit)	(81,583,684)	102,529,284	20,945,600	(8,774,892)
Total net position	\$ 180,268,094	\$ 580,361,555	\$ 760,629,649	\$ 29,054,658

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

City of Grand Rapids, Michigan
Statement of Activities
Government Wide
for the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
<i>Governmental activities:</i>								
General government	\$ 40,282,684	\$ 10,143,095	\$ 772,071	\$ -	\$ (29,367,518)	\$ -	\$ (29,367,518)	\$ -
Public safety	106,538,215	2,006,107	3,407,742	-	(101,124,366)	-	(101,124,366)	-
Public works	61,821,864	14,239,342	23,141,778	2,171,218	(22,269,526)	-	(22,269,526)	-
Culture and recreation	19,476,730	750,288	967,564	-	(17,758,878)	-	(17,758,878)	-
Urban and community development	21,167,228	11,040,627	9,330,193	-	(796,408)	-	(796,408)	-
Interest on long-term debt	1,440,151	-	-	-	(1,440,151)	-	(1,440,151)	-
Total governmental activities	<u>250,726,872</u>	<u>38,179,459</u>	<u>37,619,348</u>	<u>2,171,218</u>	<u>(172,756,847)</u>	<u>-</u>	<u>(172,756,847)</u>	<u>-</u>
<i>Business-type activities:</i>								
Water Supply System	43,039,468	48,756,354	22,455	3,302,105	-	9,041,446	9,041,446	-
Sewage Disposal System	59,197,195	60,065,463	470,778	1,942,397	-	3,281,443	3,281,443	-
Parking System	19,019,579	16,096,227	123,090	-	-	(2,800,262)	(2,800,262)	-
Other Enterprise	<u>2,895,949</u>	<u>2,042,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(853,504)</u>	<u>(853,504)</u>	<u>-</u>
Total business-type activities	<u>124,152,191</u>	<u>126,960,489</u>	<u>616,323</u>	<u>5,244,502</u>	<u>-</u>	<u>8,669,123</u>	<u>8,669,123</u>	<u>-</u>
Total primary government	<u>\$ 374,879,063</u>	<u>\$ 165,139,948</u>	<u>\$ 38,235,671</u>	<u>\$ 7,415,720</u>	<u>(172,756,847)</u>	<u>8,669,123</u>	<u>(164,087,724)</u>	<u>-</u>
Component Units:								
Downtown Development Authority	11,123,693	1,089,194	-	-	-	-	-	(10,034,499)
Tax Increment Financing Authority	342,760	2,431	131,352	-	-	-	-	(208,977)
SmartZone Development Authority	2,095,019	99,869	413,934	-	-	-	-	(1,581,216)
Brownfield Redevelopment Authority	8,982,852	193,441	902,263	-	-	-	-	(7,887,148)
Corridor Improvement Districts	442,582	-	142,603	-	-	-	-	(299,979)
61st District Court	<u>13,744,930</u>	<u>4,325,322</u>	<u>9,848,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,417</u>
Total component units	<u>\$ 36,731,836</u>	<u>\$ 5,710,257</u>	<u>\$ 11,438,177</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,583,402)</u>
General revenues:								
Property taxes					43,167,224	-	43,167,224	25,324,537
City income taxes					104,590,639	-	104,590,639	-
Intergovernmental, unrestricted					20,853,440	-	20,853,440	-
Unrestricted investment earnings					10,265,778	6,566,634	16,832,412	1,824,775
Miscellaneous					206,916	635,844	842,760	-
Gain on sale of capital assets					-	-	-	902,621
Transfers (Note 9)					<u>(1,096,255)</u>	<u>1,096,255</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>177,987,742</u>	<u>8,298,733</u>	<u>186,286,475</u>	<u>28,051,933</u>
Change in net position					5,230,895	16,967,856	22,198,751	8,468,531
Net position - beginning, as restated					<u>175,037,199</u>	<u>563,393,699</u>	<u>738,430,898</u>	<u>20,586,127</u>
Net position - ending					<u>\$ 180,268,094</u>	<u>\$ 580,361,555</u>	<u>\$ 760,629,649</u>	<u>\$ 29,054,658</u>

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

City of Grand Rapids, Michigan
Balance Sheet
Governmental Funds
June 30, 2020

	Major Governmental Funds							Total Governmental Funds
	General	Major Streets	Local Streets	Vital Streets Capital Construction	Streets Capital Construction	General Capital Construction	Nonmajor Governmental Funds	
ASSETS								
Equity in pooled cash & investments (Note 2)	\$ 64,867,121	\$ 18,632,226	\$ 1,001,543	\$ 3,333,239	\$ 1,722,681	\$ 22,044,866	\$ 44,002,076	\$ 155,603,752
Receivables, net	17,013,804	2,398,600	12,436	44,397	8,086	1,258,783	1,772,652	22,508,758
Due from other funds (Note 9)	64,520	-	-	-	-	-	-	64,520
Due from other governmental units	2,594,002	2,451,739	663,662	-	-	-	564,980	6,274,383
Inventories	746,654	1,046,036	-	-	-	-	17,410	1,810,100
Long-term advance	1,030,000	-	-	-	-	-	-	1,030,000
Total assets	\$ 86,316,101	\$ 24,528,601	\$ 1,677,641	\$ 3,377,636	\$ 1,730,767	\$ 23,303,649	\$ 46,357,118	\$ 187,291,513
LIABILITIES								
Accounts payable and accruals	\$ 19,268,236	\$ 1,550,352	\$ 57,544	\$ 2,845,254	\$ 248,602	\$ 1,888,408	\$ 2,387,119	\$ 28,245,515
Due to other governmental units	85,069	-	-	-	-	-	-	85,069
Unearned revenues	-	-	-	-	-	-	1,227,665	1,227,665
Customer deposits	429,936	-	-	-	-	601,526	1,165,462	2,196,924
Total liabilities	19,783,241	1,550,352	57,544	2,845,254	248,602	2,489,934	4,780,246	31,755,173
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - special assessments	-	-	-	-	530	135,213	-	135,743
Unavailable revenues	2,361,887	92,546	-	-	-	-	705,826	3,160,259
Total deferred inflows of resources	2,361,887	92,546	-	-	530	135,213	705,826	3,296,002
FUND BALANCES								
Nonspendable:								
Long-term advance	1,030,000	-	-	-	-	-	-	1,030,000
Inventories	746,654	1,046,036	-	-	-	-	17,410	1,810,100
Nonexpendable trust principal	-	-	-	-	-	-	3,038,707	3,038,707
Restricted: (Note 1)								
Public safety	-	-	-	-	-	-	1,077,605	1,077,605
Urban and community development	-	-	-	-	-	-	2,975,253	2,975,253
Culture and recreation	-	-	-	-	-	-	532,773	532,773
Public works	-	21,839,667	1,620,097	-	-	-	-	23,459,764
Authorized projects	-	-	-	-	-	5,197,181	-	5,197,181
Committed: (Note 1)								
Authorized projects	-	-	-	532,382	1,481,635	15,481,321	499,259	17,994,597
Urban and community development	387,686	-	-	-	-	-	-	387,686
Other purposes	14,298,835	-	-	-	-	-	1,471,049	15,769,884
Assigned: (Note 1)								
General Government	-	-	-	-	-	-	72,250	72,250
Culture and recreation	-	-	-	-	-	-	11,217,289	11,217,289
Public safety	-	-	-	-	-	-	1,909,868	1,909,868
Urban and community development	50,000	-	-	-	-	-	7,836,138	7,886,138
Public works	-	-	-	-	-	-	5,785,508	5,785,508
Ensuing year budget	-	-	-	-	-	-	949,128	949,128
Compensated absences	9,141,829	-	-	-	-	-	1,891,017	11,032,846
Other purposes	1,478,173	-	-	-	-	-	1,597,792	3,075,965
Unassigned	37,037,796	-	-	-	-	-	-	37,037,796
Total fund balance	64,170,973	22,885,703	1,620,097	532,382	1,481,635	20,678,502	40,871,046	152,240,338
Total liabilities, deferred inflows of resources and fund balances	\$ 86,316,101	\$ 24,528,601	\$ 1,677,641	\$ 3,377,636	\$ 1,730,767	\$ 23,303,649	\$ 46,357,118	\$ 187,291,513

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

City of Grand Rapids, Michigan
Reconciliation of the Fund Balances of Governmental Funds to the
Net Position of Governmental Activities on the Statement of Net Position

June 30, 2020

Total governmental funds, fund balances	\$ 152,240,338
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital assets, at cost	946,614,769
Accumulated depreciation	<u>(639,986,623)</u>
Net capital assets	306,628,146
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	3,296,002
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These consist of:	
Deferred on pensions	27,879,022
Deferred on OPEB	7,898,872
Deferred on refunding of bonds	2,818,638
Deferred inflows of resources related to pensions yet to be recognized in relation to the pension actuarial calculation	(14,141,525)
Deferred inflows of resources related to OPEB yet to be recognized in relation to the OPEB actuarial calculation	(23,846,123)
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.	66,439,035
Long-term liabilities, including interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and contracts payable	(80,967,100)
Premium on bonds	(4,753,621)
Compensated absences	(12,827,628)
Net pension liability	(187,474,181)
Net OPEB liability	(56,230,764)
Insurance claims	(5,894,620)
Accrued interest on bonds	<u>(796,397)</u>
Net position of governmental activities	<u>\$ 180,268,094</u>

City of Grand Rapids, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

for the year ended June 30, 2020

	Major Governmental Funds							Total Governmental Funds
	General	Major Streets	Local Streets	Vital Street Capital Construction	Street Capital Construction	General Capital Construction	Nonmajor Governmental Funds	
Revenues:								
Property taxes	\$ 14,794,146	\$ -	\$ -	\$ -	\$ -	\$ 5,720,214	\$ 22,652,864	\$ 43,167,224
City income taxes	86,781,692	11,714,152	-	-	-	3,863,877	2,230,918	104,590,639
State shared taxes	18,506,822	17,714,548	4,755,062	-	-	2,319,053	27,565	43,323,050
Licenses and permits	2,446,429	-	-	-	-	-	4,171,359	6,617,788
Federal grants	-	489,224	-	147,929	-	-	7,732,357	8,369,510
State grants	1,460,123	-	-	-	-	422,439	739,922	2,622,484
Other grants & contributions	237,418	28,629	-	47,846	-	1,553,004	4,462,065	6,328,962
Charges for services	13,043,716	2,585,677	517,128	-	2,986	60,549	13,170,488	29,380,544
Fines and forfeitures	1,787,125	-	-	-	-	-	76,121	1,863,246
Investment earnings	2,693,604	683,600	25,843	128,422	94,167	982,178	2,257,542	6,865,356
Miscellaneous	103,767	56,005	23,169	-	-	78,046	125,332	386,319
Total revenues	141,854,842	33,271,835	5,321,202	324,197	97,153	14,999,360	57,646,533	253,515,122
Expenditures:								
Current:								
General government	33,127,012	-	-	-	-	1,596,371	745,170	35,468,553
Public safety	86,193,608	-	-	-	-	-	7,543,528	93,737,136
Public works	6,216,170	12,207,750	4,645,174	-	-	-	17,943,433	41,012,527
Culture and recreation	-	-	-	-	-	-	21,961,324	21,961,324
Urban and community development	5,475,475	-	-	-	-	-	14,583,671	20,059,146
Debt service:								
Principal	55,786	2,045,000	-	-	-	1,339,993	4,000,428	7,441,207
Interest, fees, and bond issue costs	2,481	1,091,410	-	-	-	1,042,141	1,637,842	3,773,874
Capital outlay	-	4,253,036	4,153,015	6,033,515	903,145	12,379,442	549,075	28,271,228
Total expenditures	131,070,532	19,597,196	8,798,189	6,033,515	903,145	16,357,947	68,964,471	251,724,995
Excess (deficit) of revenues over expenditures	10,784,310	13,674,639	(3,476,987)	(5,709,318)	(805,992)	(1,358,587)	(11,317,938)	1,790,127
Other financing sources (uses):								
Transfers in (Note 9)	2,866,231	1,235,844	3,771,027	6,125,976	44,607	355,000	15,183,093	29,581,778
Transfers out (Note 9)	(13,759,671)	(10,030,360)	(91,445)	(229,508)	-	(3,743,536)	(3,256,223)	(31,110,743)
Sale of capital assets	1,329,280	-	-	-	-	-	-	1,329,280
Face value of bonds and contracts issued	-	-	-	-	-	-	18,735,000	18,735,000
Premium on bonds and contracts issued	-	-	-	-	-	-	1,492,494	1,492,494
Payment to refunded bond escrow agent	-	-	-	-	-	-	(19,867,377)	(19,867,377)
Total other financing sources (uses)	(9,564,160)	(8,794,516)	3,679,582	5,896,468	44,607	(3,388,536)	12,286,987	160,432
Net change in fund balances	1,220,150	4,880,123	202,595	187,150	(761,385)	(4,747,123)	969,049	1,950,559
Fund balances - beginning	62,972,198	17,893,527	1,417,502	345,232	2,243,020	25,425,625	39,901,997	150,199,101
Current year change in inventory levels	(21,375)	112,053	-	-	-	-	-	90,678
Fund balances - ending	\$ 64,170,973	\$ 22,885,703	\$ 1,620,097	\$ 532,382	\$ 1,481,635	\$ 20,678,502	\$ 40,871,046	\$ 152,240,338

City of Grand Rapids, Michigan
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
for the year ended June 30, 2020

Net change in fund balances - total governmental funds \$ 1,950,559

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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$33,421,836) exceeded depreciation (\$19,582,883). 13,838,953

In the statement of activities only the gain on the sale of property and equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the property sold. (2,381,464)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 317,881

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(18,735,000)
Premium on bonds issued	(1,492,494)
Repayments	7,441,207
Deferred on refunding of bonds	2,067,671
Principal of bonds defeased	19,710,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	201,415
Compensated absences	(2,641,958)
Net OPEB liability including deferred inflows and outflows	3,496,193
Net pension liability including deferred inflows and outflows	(22,606,691)
Other	313,876

Internal service funds are used by management to charge the costs of certain activities, to individual funds. The governmental share of the net expense of the internal service fund is reported in governmental activities. 3,750,747

Change in net position of governmental activities \$ 5,230,895

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
ASSETS						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 47,119,160	\$ 45,482,338	\$ 27,365,185	\$ 2,287,190	\$ 122,253,873	\$ 74,239,932
Receivables, net	9,239,308	13,010,029	464,058	68,324	22,781,719	1,116,961
Inventory	2,009,384	1,008,846	-	1,179	3,019,409	790,471
Restricted assets (Note 4)	9,019,736	12,658,583	-	-	21,678,319	5,032,655
Prepaid expenses and other assets	-	-	126,000	-	126,000	-
Total current assets	67,387,588	72,159,796	27,955,243	2,356,693	169,859,320	81,180,019
Noncurrent assets:						
Restricted assets (Note 4)	28,454,338	33,220,423	-	-	61,674,761	-
Other assets	-	-	-	230,563	230,563	-
Investment in joint venture (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Non-depreciable	35,559,937	79,559,247	6,693,797	5,255	121,818,236	804,209
Depreciable	557,282,855	749,178,148	94,174,650	8,528,707	1,409,164,360	53,008,691
Less accumulated depreciation	<u>(228,820,925)</u>	<u>(344,976,749)</u>	<u>(52,525,559)</u>	<u>(5,045,127)</u>	<u>(631,368,360)</u>	<u>(30,908,518)</u>
Total noncurrent assets	392,476,205	519,453,969	48,342,888	3,719,398	963,992,460	22,904,382
Total assets	459,863,793	591,613,765	76,298,131	6,076,091	1,133,851,780	104,084,401
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 7)	\$ 2,694,747	\$ 2,423,019	\$ 861,293	\$ 125,667	\$ 6,104,726	\$ 2,680,397
Deferred outflows related to OPEB (Note 8)	405,541	364,877	129,593	18,906	918,917	403,286
Deferred on refunding of bonds	<u>3,022,912</u>	<u>6,893,493</u>	<u>997,053</u>	<u>-</u>	<u>10,913,458</u>	<u>720</u>
Total deferred outflows of resources	6,123,200	9,681,389	1,987,939	144,573	17,937,101	3,084,403

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 1,255,856	\$ 1,856,608	\$ 1,057,891	\$ 178,367	\$ 4,348,722	\$ 1,888,498
Accrued interest payable	2,374,677	7,066,007	284,829	-	9,725,513	261
Due to other governmental units	-	-	-	-	-	51,317
Unearned revenues	308,323	-	-	4,730	313,053	284,063
Current portion of claims payable	-	-	-	-	-	5,570,045
Current maturities of bonds, notes and contracts payable (Note 6)	202,355	31,000	1,490,000	-	1,723,355	5,263
Current portion of compensated absences (Note 6)	615,307	485,516	148,665	34,298	1,283,786	570,884
Current portion of long-term advance	-	-	1,030,000	-	1,030,000	-
Liabilities payable from restricted assets (Note 6):						
Current maturities of bonds, notes and contracts payable	3,775,000	9,310,000	-	-	13,085,000	-
Other	5,244,736	3,348,583	-	-	8,593,319	-
Total current liabilities	<u>13,776,254</u>	<u>22,097,714</u>	<u>4,011,385</u>	<u>217,395</u>	<u>40,102,748</u>	<u>8,370,331</u>
Noncurrent liabilities (net of current portion) (Note 6):						
Bonds payable	155,348,996	321,536,222	24,435,520	-	501,320,738	15,729
Contracts and notes payable	638,459	-	-	-	638,459	-
General claims payable	-	-	-	-	-	324,575
Compensated absences	601,540	474,652	145,338	33,530	1,255,060	558,112
Net pension liability (Note 7)	13,280,088	11,940,979	4,244,576	619,308	30,084,951	13,209,369
Net OPEB liability (Note 8)	3,406,475	3,064,904	1,088,561	158,805	7,718,745	3,387,537
Total noncurrent liabilities	<u>173,275,558</u>	<u>337,016,757</u>	<u>29,913,995</u>	<u>811,643</u>	<u>541,017,953</u>	<u>17,495,322</u>
Total liabilities	<u>187,051,812</u>	<u>359,114,471</u>	<u>33,925,380</u>	<u>1,029,038</u>	<u>581,120,701</u>	<u>25,865,653</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 7)	231,573	208,222	74,015	10,799	524,609	230,341
Deferred inflows related to OPEB (Note 8)	1,014,660	912,919	324,241	47,302	2,299,122	1,009,019
Total deferred inflows of resources	<u>1,246,233</u>	<u>1,121,141</u>	<u>398,256</u>	<u>58,101</u>	<u>2,823,731</u>	<u>1,239,360</u>
NET POSITION						
Net investment in capital assets	235,602,938	179,252,131	23,414,421	3,488,835	441,758,325	22,884,110
Restricted - Debt Service	9,791,919	26,282,027	-	-	36,073,946	-
Unrestricted	32,294,091	35,525,384	20,548,013	1,644,690	90,012,178	57,179,681
Total net position	<u>\$ 277,688,948</u>	<u>\$ 241,059,542</u>	<u>\$ 43,962,434</u>	<u>\$ 5,133,525</u>	<u>567,844,449</u>	<u>\$ 80,063,791</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					<u>12,517,106</u>	
Net position of business-type activities					<u>\$ 580,361,555</u>	

City of Grand Rapids, Michigan
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
for the year ended June 30, 2020

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
Operating revenues:						
Charges for services	\$ 3,847,368	\$ 59,162,196	\$ 15,827,141	\$ 1,673,293	\$ 80,509,998	\$ 66,895,361
Sales	44,808,830	142,458	-	369,152	45,320,440	12,379
Miscellaneous	100,156	760,809	269,086	-	1,130,051	1,511,935
Total operating revenues	<u>48,756,354</u>	<u>60,065,463</u>	<u>16,096,227</u>	<u>2,042,445</u>	<u>126,960,489</u>	<u>68,419,675</u>
Operating expenses:						
Personal services	12,642,053	10,967,494	3,640,690	1,244,652	28,494,889	12,852,373
Supplies and materials	3,233,430	4,010,784	2,336,879	131,642	9,712,735	6,688,425
Utilities	3,021,860	2,383,037	405,478	158,320	5,968,695	2,835,761
Contractual services	3,861,672	7,308,599	5,080,281	655,182	16,905,734	4,018,133
Other services and charges	5,608,363	6,089,897	3,436,636	417,427	15,552,323	37,920,423
Depreciation	9,831,819	15,478,452	2,994,077	291,405	28,595,753	4,189,394
Total operating expenses	<u>38,199,197</u>	<u>46,238,263</u>	<u>17,894,041</u>	<u>2,898,628</u>	<u>105,230,129</u>	<u>68,504,509</u>
Operating income (loss)	<u>10,557,157</u>	<u>13,827,200</u>	<u>(1,797,814)</u>	<u>(856,183)</u>	<u>21,730,360</u>	<u>(84,834)</u>
Nonoperating revenues (expenses):						
Other federal revenue	22,455	470,778	123,090	-	616,323	-
Investment earnings	2,320,561	2,834,782	1,320,028	91,263	6,566,634	3,400,422
Miscellaneous revenue (expense)	568,681	(18,342)	85,505	-	635,844	-
Gain (loss) on sale of capital assets	(8,512)	-	1,816	-	(6,696)	75,099
Interest expense and paying agent fees	(4,867,059)	(13,001,661)	(1,143,890)	-	(19,012,610)	(1,183)
Total nonoperating revenues (expenses)	<u>(1,963,874)</u>	<u>(9,714,443)</u>	<u>386,549</u>	<u>91,263</u>	<u>(11,200,505)</u>	<u>3,474,338</u>
Income (loss) before capital contributions and transfers	8,593,283	4,112,757	(1,411,265)	(764,920)	10,529,855	3,389,504
Capital contributions	3,302,105	1,942,397	-	-	5,244,502	25,777
Transfers in (Note 9)	134,775	437,432	-	791,727	1,363,934	612,660
Transfers out (Note 9)	(20,783)	-	(140,376)	(106,520)	(267,679)	(179,950)
Change in net position	12,009,380	6,492,586	(1,551,641)	(79,713)	16,870,612	3,847,991
Net position - beginning	<u>265,679,568</u>	<u>234,566,956</u>	<u>45,514,075</u>	<u>5,213,238</u>		<u>76,215,800</u>
Net position - ending	<u>\$ 277,688,948</u>	<u>\$ 241,059,542</u>	<u>\$ 43,962,434</u>	<u>\$ 5,133,525</u>		<u>\$ 80,063,791</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					97,244	
Change in net position of business-type activities					<u>\$ 16,967,856</u>	

City of Grand Rapids, Michigan
Statement of Cash Flows
Proprietary Funds

for the year ended June 30, 2020

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
Cash flows from operating activities:						
Receipts from customers	\$ 46,374,638	\$ 57,176,363	\$ 16,128,308	\$ 2,081,164	\$ 121,760,473	\$ 69,863,696
Payments to suppliers	(10,895,588)	(18,164,554)	(11,723,994)	(1,377,779)	(42,161,915)	(51,549,956)
Payments to employees	(7,432,681)	(6,514,319)	(2,426,184)	(960,458)	(17,333,642)	(7,837,117)
Payments for payroll taxes and benefits	(4,307,505)	(3,872,931)	(1,267,415)	(26,265)	(9,474,116)	(3,546,775)
Other operating receipts (charges)	<u>568,681</u>	<u>(18,342)</u>	<u>85,505</u>	<u>-</u>	<u>635,844</u>	<u>(289,118)</u>
Net cash provided (used) by operating activities	<u>24,307,545</u>	<u>28,606,217</u>	<u>796,220</u>	<u>(283,338)</u>	<u>53,426,644</u>	<u>6,640,730</u>
Cash flows from noncapital financing activities:						
Other federal receipts	22,455	470,778	123,090	-	616,323	-
Transfers from other funds	134,775	437,432	-	791,727	1,363,934	612,660
Transfers to other funds	<u>(20,783)</u>	<u>-</u>	<u>(140,376)</u>	<u>(106,520)</u>	<u>(267,679)</u>	<u>(179,950)</u>
Net cash provided (used) by noncapital financing activities	<u>136,447</u>	<u>908,210</u>	<u>(17,286)</u>	<u>685,207</u>	<u>1,712,578</u>	<u>432,710</u>
Cash flows from capital and related financing activities:						
Proceeds from capital debt	33,564,664	42,686,552	-	-	76,251,216	-
Proceeds from (return of) capital grant	129,367	(24,374)	-	-	104,993	-
Purchase of capital assets	(25,877,564)	(56,027,151)	(2,577,083)	-	(84,481,798)	(3,463,819)
Sale of capital assets	-	-	1,816	-	1,816	77,238
Principal paid on capital debt	(7,257,342)	(10,414,500)	(3,035,000)	-	(20,706,842)	(152,143)
Interest paid on capital debt	<u>(5,470,232)</u>	<u>(14,583,479)</u>	<u>(1,151,059)</u>	<u>-</u>	<u>(21,204,770)</u>	<u>(2,892)</u>
Net cash used by capital and related financing activities	<u>(4,911,107)</u>	<u>(38,362,952)</u>	<u>(6,761,326)</u>	<u>-</u>	<u>(50,035,385)</u>	<u>(3,541,616)</u>
Cash flows from investing activities:						
Interest received	<u>2,269,230</u>	<u>2,818,716</u>	<u>1,302,805</u>	<u>91,263</u>	<u>6,482,014</u>	<u>3,322,741</u>
Net increase (decrease) in equity in pooled cash and investments	21,802,115	(6,029,809)	(4,679,587)	493,132	11,585,851	6,854,565
Equity in pooled cash and investments - beginning of year	<u>52,999,200</u>	<u>71,029,770</u>	<u>32,044,772</u>	<u>1,794,058</u>	<u>157,867,800</u>	<u>72,418,022</u>
Equity in pooled cash and investments - end of year						
(including \$27,682,155, \$19,517,623, and \$5,032,655 for the Water System, Sewer System, and Internal Service, respectively, reported in restricted accounts)	<u>\$ 74,801,315</u>	<u>\$ 64,999,961</u>	<u>\$ 27,365,185</u>	<u>\$ 2,287,190</u>	<u>\$ 169,453,651</u>	<u>\$ 79,272,587</u>

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

City of Grand Rapids, Michigan
Statement of Cash Flows
Proprietary Funds

for the year ended June 30, 2020

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 10,557,157	\$ 13,827,200	\$ (1,797,814)	\$ (856,183)	\$ 21,730,360	\$ (84,834)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	9,831,819	15,478,452	2,994,077	291,405	28,595,753	4,189,394
Miscellaneous cash received (paid)	568,681	(18,342)	85,505	-	635,844	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(2,230,918)	(2,707,334)	32,081	34,365	(4,871,806)	1,161,371
(Increase) decrease in inventory	(231,867)	(173,268)	-	4,354	(400,781)	110,572
Increase in prepaid expenses	-	-	(126,000)	-	(126,000)	-
Decrease in vouchers and accounts payable	(287,136)	(468,346)	(338,720)	(15,293)	(1,109,495)	(496,270)
Increase in due to other funds	-	-	-	-	-	9,366
Increase (decrease) in unearned revenues	(152,145)	-	-	-	(152,145)	282,650
Decrease in restricted assets	5,350,087	2,087,611	-	-	7,437,698	-
Increase in other liabilities	-	-	-	85	85	-
(Increase) decrease in deferred outflows related to pensions	94,014	118,673	94,984	(34,694)	272,977	(10,595)
Increase (decrease) in deferred inflows related to pensions	(2,538)	(5,148)	(6,263)	3,162	(10,787)	6,217
Decrease in deferred outflows related to OPEB	237,503	221,101	90,906	2,086	551,596	212,611
Increase in deferred inflows related to OPEB	901,910	810,175	285,579	43,622	2,041,286	901,029
Increase in compensated absences	143,374	67,592	32,593	25,500	269,059	191,491
Increase in net pension liability	1,048,436	792,986	50,295	220,295	2,112,012	1,499,472
Decrease in net OPEB liability	(1,520,832)	(1,425,135)	(601,003)	(2,042)	(3,549,012)	(1,331,744)
	<u>13,750,388</u>	<u>14,779,017</u>	<u>2,594,034</u>	<u>572,845</u>	<u>31,696,284</u>	<u>6,725,564</u>
Net cash provided (used) by operating activities	<u>\$ 24,307,545</u>	<u>\$ 28,606,217</u>	<u>\$ 796,220</u>	<u>\$ (283,338)</u>	<u>\$ 53,426,644</u>	<u>\$ 6,640,730</u>
Noncash capital activities						
Contributions of capital assets	<u>\$ 3,172,738</u>	<u>\$ 1,966,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,139,509</u>	<u>\$ 25,777</u>

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

City of Grand Rapids, Michigan
Statement of Net Position
Fiduciary Funds
June 30, 2020

	<u>Total Employee Benefit Trust Funds</u>	<u>Agency Tax Fund</u>
ASSETS		
Equity in pooled cash and investments (Note 2)	\$ 1,629,224	\$ 63,904
Investments held by trustee (Note 2):		
Cash and money market funds	12,644,993	-
United States Government Securities	100,311,037	-
State and municipal bonds	738,184	-
Corporate bonds and fixed income comingled funds	143,047,132	-
Common stocks and equity mutual funds	420,646,831	-
Real estate	40,738,108	-
Asset-backed securities	9,949,480	-
Commodities	36,125,335	-
Other	81,391,913	-
Comingled multi-asset portfolio	71,248,885	-
Collateral held by broker under securities lending		
Short-term fixed income	46,913,180	-
Receivables, net:		
Investment securities sold	20,531,515	-
Property taxes for other governments	-	298,285
Other accounts	1,884,283	-
Accrued interest and dividends	972,803	-
Total assets	<u>988,772,903</u>	<u>362,189</u>
LIABILITIES		
Compensated absences	48,282	-
Investment securities purchased	18,999,129	-
Vouchers and accounts payable	1,081,547	-
Due to other funds (Note 9)	68,283	-
Due to other governmental units	-	362,189
Liabilities under securities lending program	46,913,180	-
Total liabilities	<u>67,110,421</u>	<u>\$ 362,189</u>
NET POSITION		
Restricted for pension benefits	849,236,080	-
Restricted for OPEB benefits	72,426,402	-
Total net position	<u>\$ 921,662,482</u>	<u>\$ -</u>

City of Grand Rapids, Michigan
Statement of Changes in Net Position
Fiduciary Funds
for the year ended June 30, 2020

	Total Employee Benefit Trust Funds
	<hr/>
ADDITIONS	
Plan Contributions:	
Employer	\$ 29,652,369
Plan members	<u>8,428,256</u>
Total contributions	38,080,625
Investment earnings:	
Interest and dividends	9,847,366
Net appreciation in fair value of investments	<u>70,294,244</u>
Total investment earnings	80,141,610
Investment management expense	<u>(1,992,669)</u>
Net investment earnings	<u>78,148,941</u>
Securities lending earnings	<u>184,457</u>
Net earnings from securities lending activities	<u>184,457</u>
Total net investment earnings	<u>78,333,398</u>
Total additions	<u>116,414,023</u>
DEDUCTIONS	
Benefits paid	69,701,018
Administration expenses	<u>1,692,978</u>
Total deductions	<u>71,393,996</u>
Change in net position	45,020,027
Net position - beginning	<u>876,642,455</u>
Net position - ending	<u>\$ 921,662,482</u>

City of Grand Rapids, Michigan
Statement of Net Position
Component Units
June 30, 2020

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	Corridor Improvement Authorities	61st District Court	Totals
ASSETS							
Equity in pooled cash and investments (Note 2)	\$ 17,909,405	\$ 2,174,817	\$ 4,560,205	\$ 6,449,515	\$ 956,525	\$ 1,417,750	\$ 33,468,217
Receivables, net	467,415	7,683	16,956	32,617	3,563	7,080	535,314
Accrued interest	-	-	-	-	-	1,469	1,469
Due from other governmental units	-	-	-	-	-	91,350	91,350
Prepaid expenses and other assets	39,443	-	-	-	-	-	39,443
Capital Assets (Note 5):							
Non-depreciable	11,117,417	-	-	-	-	-	11,117,417
Depreciable	75,846,605	1,486,800	-	-	-	197,884	77,531,289
Less: accumulated depreciation	(59,982,869)	(1,464,643)	-	-	-	(154,527)	(61,602,039)
Total assets	<u>45,397,416</u>	<u>2,204,657</u>	<u>4,577,161</u>	<u>6,482,132</u>	<u>960,088</u>	<u>1,561,006</u>	<u>61,182,460</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions (Note 7)	-	-	-	-	-	1,636,764	1,636,764
Deferred outflows related to OPEB (Note 8)	-	-	-	-	-	259,813	259,813
Deferred gain on refunding of debt	1,130,564	-	-	-	-	-	1,130,564
Total deferred outflows of resources	<u>1,130,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,896,577</u>	<u>3,027,141</u>
LIABILITIES							
Vouchers payable and accruals	5,038,685	38,448	466,003	771,284	59,410	142,471	6,516,301
Accrued Interest	107,061	248	-	5,147	-	-	112,456
Unearned revenue	1,000	-	-	-	-	-	1,000
Due to participants	-	-	-	803,966	-	356,639	1,160,605
Non-current liabilities :							
Due within 1 year (Note 6)	6,364,404	37,555	3,616	132,813	-	329,038	6,867,426
Due in more than 1 year (Note 6)	7,534,889	347	3,535	1,597,414	-	321,676	9,457,861
Net pension liability (Note 7)	-	-	-	-	-	8,066,200	8,066,200
Net OPEB liability (Note 8)	-	-	-	-	-	2,182,388	2,182,388
Total liabilities	<u>19,046,039</u>	<u>76,598</u>	<u>473,154</u>	<u>3,310,624</u>	<u>59,410</u>	<u>11,398,412</u>	<u>34,364,237</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions (Note 7)	-	-	-	-	-	140,655	140,655
Deferred inflows related to OPEB (Note 8)	-	-	-	-	-	650,051	650,051
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,706</u>	<u>790,706</u>
NET POSITION							
Net investment in capital assets	14,220,145	-	-	-	-	43,357	14,263,502
Restricted for authorized projects	13,261,796	2,128,059	4,104,007	3,171,508	900,678	-	23,566,048
Unrestricted (deficit)	-	-	-	-	-	(8,774,892)	(8,774,892)
Total net position (deficit)	<u>\$ 27,481,941</u>	<u>\$ 2,128,059</u>	<u>\$ 4,104,007</u>	<u>\$ 3,171,508</u>	<u>\$ 900,678</u>	<u>\$ (8,731,535)</u>	<u>\$ 29,054,658</u>

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

City of Grand Rapids, Michigan
Statement of Activities
Component Units
for the year ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position							Total
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Tax Increment Financing Authority	SmartZone		Brownfield Redevelopment Authority	Corridor Improvement Authorities	61st District Court	
						Development Financing Authority	Local Financing Authority				
Urban & community development:											
Downtown Development Authority	\$ 11,123,693	\$ 1,089,194	\$ -	\$ (10,034,499)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,034,499)
Tax Increment Financing Authority	342,760	2,431	131,352	-	(208,977)	-	-	-	-	-	(208,977)
SmartZone Development Authority	2,095,019	99,869	413,934	-	-	(1,581,216)	-	-	-	-	(1,581,216)
Brownfield Redevelopment Authority	8,982,852	193,441	902,263	-	-	-	(7,887,148)	-	-	-	(7,887,148)
Corridor Improvement Authorities	442,582	-	142,603	-	-	-	-	(299,979)	-	-	(299,979)
Public safety:											
61st District Court	13,744,930	4,325,322	9,848,025	-	-	-	-	-	-	428,417	428,417
	<u>\$ 36,731,836</u>	<u>\$ 5,710,257</u>	<u>\$ 11,438,177</u>	<u>(10,034,499)</u>	<u>(208,977)</u>	<u>(1,581,216)</u>	<u>(7,887,148)</u>	<u>(299,979)</u>	<u>428,417</u>	<u>(19,583,402)</u>	
General revenues:											
Investment earnings				1,073,783	101,550	217,674	363,697	50,379	17,692		1,824,775
Property taxes				13,494,078	397,297	1,703,727	9,152,541	576,894	-		25,324,537
Gain on sale of capital assets				902,621	-	-	-	-	-		902,621
Total general revenues				<u>15,470,482</u>	<u>498,847</u>	<u>1,921,401</u>	<u>9,516,238</u>	<u>627,273</u>	<u>17,692</u>		<u>28,051,933</u>
Change in net position				<u>5,435,983</u>	<u>289,870</u>	<u>340,185</u>	<u>1,629,090</u>	<u>327,294</u>	<u>446,109</u>		<u>8,468,531</u>
Net position (deficit) - beginning, as restated				<u>22,045,958</u>	<u>1,838,189</u>	<u>3,763,822</u>	<u>1,542,418</u>	<u>573,384</u>	<u>(9,177,644)</u>		<u>20,586,127</u>
Net position (deficit) - ending				<u>\$ 27,481,941</u>	<u>\$ 2,128,059</u>	<u>\$ 4,104,007</u>	<u>\$ 3,171,508</u>	<u>\$ 900,678</u>	<u>\$ (8,731,535)</u>		<u>\$ 29,054,658</u>

1. Summary of Significant Accounting Policies

THE 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, streets, recreation and culture, urban development and general administrative services.

In accordance with generally accepted accounting principles in the 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 or financial relationship with the City.

Blended Component Units—Blended component units of the City have been included in the various fund types as follows:

The Grand Rapids Building Authority ("GRBA") was created by the City of Grand Rapids 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 process 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 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 activities column of the Government-wide presentation.

The City of Grand Rapids General Retirement System ("General Retirement System") was established by City Ordinance which provides that general administration and responsibility for the operation of the General Retirement System 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). 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, except for police officers, firefighters, and newly hired employees that are participants in one of the two defined contribution plans discussed in Note 12. 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 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 31st 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.

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.

1. Summary of Significant Accounting Policies, continued:

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 revenues. The TIFA is under the supervision and control of an eleven 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 eleven member Board. Seven members are appointed by the Mayor, one by the Kent County Commission, one by the President of Grand Rapids Community College, and two 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 revenues. The primary purpose of each Authority is to plan and propose construction, renovation, repair, or marketing projects that use tax increment revenues to aid the economic growth of the district. Each CIA has a nine member board appointed by the Mayor with the approval of the City Commission. None of the authorities issue separate financial statements. The resources and activities of all six CIAs are aggregated for presentation in these financial statements, with combining schedules included in the other supplemental information.

The City of Grand Rapids Michigan Street Corridor Improvement Authority (“Michigan St.”) The purpose of the Authority is to aid the economic growth of the Michigan St. 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 corridor north of downtown and the two business districts within it.

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 Ave from Logan to the City limit and South Division Ave 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.

1. Summary of Significant Accounting Policies, continued:

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:

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 is as follows:

	<u>At June 30, 2020</u>		<u>Year ended June 30, 2020</u>
Total Assets	\$ 160,737,887	Revenues	\$ 7,757,250
Total Liabilities	\$ 81,686,758	Expenses	<u>(8,767,172)</u>
Total Deferred Inflows of Resources	56,852		
Total Net Position	<u>78,994,277</u>	Change in Net Position	<u>\$ (1,009,922)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 160,737,887</u>		

The Grand Rapids—Kent County Convention / Arena Authority (“C/AA”) was created when the City entered into an agreement with the County of Kent 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 revenues. The City and the County will share any remaining deficit equally. Summary financial information is as follows:

	<u>At June 30, 2019</u>		<u>Year ended June 30, 2019</u>
Total Assets	\$ 45,345,616	Revenues	\$ 18,911,200
Total Liabilities	\$ 19,753,870	Expenses	<u>(18,807,986)</u>
Total Net Position	<u>25,591,746</u>		
Total Liabilities and Net Position	<u>\$ 45,345,616</u>	Change in Net Position	<u>\$ 103,214</u>

1. Summary of Significant Accounting Policies, continued:

Grand Valley Regional Biosolids Authority was created by the City and the City of 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 bio-solids management project. The City and Wyoming will share equally the initial costs, ongoing administrative costs and planning and design of the project. The City's current equity interest is \$2,472,900. Articles of incorporation were adopted April 2004. Summary financial information is as follows:

	<u>At June 30, 2020</u>		<u>Year ended June 30, 2020</u>
Total Assets	\$ 25,837,130	Revenues	\$ 8,288,393
Total Liabilities	\$ 17,632,877	Expenses	<u>(8,928,624)</u>
Total Net Position	<u>8,204,253</u>		
Total Liabilities and Net Position	<u>\$ 25,837,130</u>	Change in Net Position	<u>\$ (640,231)</u>

REPORT COPIES

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 web site, 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, Michigan 49503
(616) 456-3189

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

1. Summary of Significant Accounting Policies, continued:

BASIC FINANCIAL STATEMENTS

The basic financial statements include both Government-wide financial statements (based on the City as a whole) and Fund statements (based on individual funds). Both the Government-wide and Fund financial statements categorize primary activities as either governmental or business-type.

Government-wide financial statements:

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. On the statement of net position, net position is reported in three categories as follows:

1. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other related debt attributed to the acquisition, construction, or improvements of those assets.
2. *Restricted net position* results when constraints placed on the use of assets are either externally imposed by creditors, grantors, or contributors or are imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* consists of amounts that do not meet the definition of the two preceding categories and thus are generally available for use in operations. 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.

The Government Wide Statement of Activities reflects both the gross and net costs per functional category (General Governmental, Public Safety, Public Works, Culture and Recreation, and Urban and Community Development), which are otherwise being supported by general government revenues (property, income tax and certain intergovernmental revenues). The Statement of Activities analyzes gross expenses (including depreciation) by program revenues, operating and capital grants by functional area. Revenues reported as program revenues must be directly associated with a function or they are reported as a general revenue. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The net expense for each function or activity is normally covered by the City's general revenues.

This government-wide focus is centered on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

1. Summary of Significant Accounting Policies, continued:

Funds financial statements:

The Funds financial statements are, in substance, similar to the financial statements presented in the previous financial reporting model. Emphasis in the Funds financial statements is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column by category.

Since the Governmental Fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the Fund-based financial statements to the governmental column of the Government-wide presentation.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's ongoing operations. The principal operating revenues of the City's Enterprise and Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue fees intended for the costs of connecting new customers to the system. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds of the City government (which provide services primarily to the various funds of the government) are presented, in summary form, as part of the Proprietary Fund financial statements. Since the principal user of the internal services are the City's governmental activities these services are allocated and included in the governmental column when presented at the Government-wide level in the Statement of Net Position. The costs of these services are allocated to the appropriate functional activity. When appropriate, surplus or deficits in the Internal Service Funds are allocated back to various users, Governmental or Business Type. Interfund services provided and used are not eliminated in the process of incorporating them within the Government Wide Statement of Activities.

The City's Fiduciary Funds are presented in the Fund financial statements by type. Since the assets in these funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental Fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days thereafter for property taxes or 90 days for other revenues. Property taxes are levied on the first day of the fiscal year to finance activities of the year and accordingly are not considered available in the prior year. Expenditures are recorded when the related fund liability is incurred, except for debt service, pensions, and expenditures related to certain compensated absences. Claims and judgments are recognized when the amount can be reasonably estimated.

1. Summary of Significant Accounting Policies, continued:

Income taxes, intergovernmental revenue, grant reimbursements, state-shared taxes, interest earnings, delinquent property taxes, and payments in lieu of taxes are susceptible to accrual because they are both measurable and available to finance expenditures of the current period.

Entitlements and shared revenues are recorded at the time of receipt or earlier if they meet the accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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 the 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% of the streets over the next 15 years.

The Vital Streets Capital Construction Fund accounts for the repair, rehabilitation, and reconstruction of streets to achieve the goals of the Vital Street Oversight Commission. Financing is provided by bonds, income taxes, and other contributions.

The Streets Capital Construction Fund accounts for the construction of capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, the Major Streets Fund and contributions from private sources.

The General Capital Construction Fund accounts for the construction for 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.

The City of Grand Rapids reports the following major Proprietary 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.

1. Summary of Significant Accounting Policies, continued:

Additionally, the City reports the following fund types:

The Internal Service Funds account for data processing, fleet management, facilities management, insurance services and engineering services provided to City departments on a cost reimbursement basis.

The 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 Agency Fund accounts for the collection and distribution of property taxes to other governmental entities.

Governmental Fund Balances are reported in specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned.

The City reports the following classifications:

Nonspendable Fund Balance is the amount that cannot be spent because it is either (a) not in spendable form - such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance is the portion of fund balance that reflects constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

<u>Function:</u>		<u>Total</u>
Public Safety		
Law Enforcement	\$ 1,077,605	\$ 1,077,605
Urban & community development		
Community development grants	1,706,370	
Home ownership income diversity	358,233	
Special assessments	910,650	2,975,253
Culture and recreation		
Library programs	416,506	
Statue maintenance	116,267	532,773
Public Works		
Major and Local Street work	23,459,764	23,459,764
Authorized projects		
Capital projects-bond proceeds	5,197,181	5,197,181
		<u>\$ 33,242,576</u>

1. Summary of Significant Accounting Policies, continued:

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% of General Operating Fund expenditures. Also, for governmental funds other than the General Fund, if the sum of nonspendable, restricted, and committed fund balance exceeds the total amount of fund balance, it may be necessary to report a negative unassigned fund balance amount for those funds.

USE OF RESOURCES

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed. When committed, assigned, and unassigned are available for use for the same purpose, the flow assumption would be to use committed, then assigned and finally unassigned for that purpose.

BUDGETS AND BUDGETARY ACCOUNTING

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 annually a balanced budget on the modified accrual basis of accounting be adopted by the local legislative body in the form of a general appropriation act for the General and all Special Revenue Funds. The City's budget is adopted on the modified accrual basis consistent with generally accepted accounting principles ("GAAP").

Prior to May 31, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

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

Prior to June 30, a separately issued budget report, which demonstrates legal compliance at the legal level of budgetary control, is enacted through passage of an ordinance.

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

The general appropriation ordinance authorizes the City Comptroller 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 revenues or an appropriation of available fund balance and must be approved by the City Commission.

1. Summary of Significant Accounting Policies, continued:

CASH AND INVESTMENTS

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

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

DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues 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. Revenues received in advance of project costs being incurred are unearned revenues. Capital grants for capital asset additions to the Proprietary Funds are recorded as receivables and a corresponding increase to revenues when reimbursable project costs are incurred.

In evaluating the appropriate accruals for intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable. These resources are reflected as revenues 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. The purchases method requires that significant year-end inventory balances be reflected by a direct adjustment to beginning fund balance.

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. 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.

1. Summary of Significant Accounting Policies, continued:

<u>Asset Category</u>	<u>Useful Life (Years)</u>	<u>Threshold</u>
Land improvements	20	\$ 10,000
Building and structures	20-50	50,000
Leasehold improvements	10	50,000
Equipment	3-30	10,000
Software	5-10	50,000
Water mains	75	20,000
Sewer service mains	50	20,000
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.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

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

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

PROPERTY AND INCOME TAXES

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 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 revenues are recognized when levied. An allowance reducing revenues is recorded at June 30 for uncollected delinquent personal property taxes and for estimated refunds resulting from property tax appeals.

1. Summary of Significant Accounting Policies, continued:

The City also acts as the billing and collection agent for the State of Michigan, Kent County, the local transit authority (“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 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 for collection. The City Treasurer remains responsible for collecting delinquent personal property taxes.

At July 2019, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$5,165,575,972 before the reductions described in this paragraph. The assessed value generally represents 50% 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% 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 \$305,450,912 by this limitation, reducing City tax revenues by approximately \$12,583,200 for fiscal year 2020.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2020 was based on the following rates:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by either State law or City charter</u>	<u>Millage Rate as reduced by State Constitution</u>	<u>City revenue derived from millages</u>
General operating	3.9718	4.4056	3.9718	\$ 19,206,742
Promotional and advertising	0.0096	\$50,000 maximum	\$50,000 maximum	48,562
Refuse collection	1.6000	3.0000	2.6798	7,322,683
Library operating	2.3722	2.3785	2.3722	10,998,926
Parks	0.9475	0.9800	0.9475	4,331,255

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% of all taxable income and non-residents paid 0.75% of taxable income earned within the City limits during fiscal year 2020.

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 ten 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.

1. Summary of Significant Accounting Policies, continued:

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 ending six and twelve 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 foci is reconciled on the reconciliation statements presented on pages 18 and 20. Amounts due for pension liabilities are liquidated by the Governmental, mainly the General Fund, or Proprietary funds from which the related employees' compensation is paid.

OTHER POST EMPLOYMENT BENEFITS (OPEB)

The measurement date that the City has chosen for the measurement of the net OPEB asset or liability to record in the City's financial statements is the plan years ending twelve 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 foci is reconciled on the reconciliation statements presented on pages 18 and 20. Amounts due for OPEB liabilities are liquidated by the Governmental, mainly the General Fund, or Proprietary funds from which the related employees' compensation is paid.

SELF INSURANCE

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:

	<u>2020</u>	<u>2019</u>
Unpaid claims - beginning of year	\$ 5,894,620	\$ 5,499,818
Incurring claims, net of changes in estimates	27,715,401	26,354,142
Claim payments	(27,715,401)	(25,959,340)
Unpaid claims - end of year	<u>\$ 5,894,620</u>	<u>\$ 5,894,620</u>

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

2. Equity in Pooled Cash Investments:

The City maintains an investment pool for most City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "Equity in pooled cash and investments". The City Treasurer is responsible for most investments, with the exception of the resources of the Retirement Systems' trust funds which are managed by their own Boards of Trustees and the assets of the retiree health care trusts which are managed by the Board of the Municipal Employees Retirement System of Michigan. The City Treasurer has delegated responsibility for investing certain sleeves of the portfolio to external managers where their expertise and market access is judged to be more cost effective than internal management. The laws of the State of Michigan, the City of Grand Rapids Charter, the City ordinance on investments, and the City's Investment Policy authorize the Treasurer, and any external investment managers contracted by the Treasurer, to invest surplus monies 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 not less than A-1 (Standard & Poors), P-1 (Moody), or F1 (Fitch) by one rating agency where the issuer's long term debt is at least A1 (Moody's), A+(Standard & Poors), or A+(Fitch).
- Repurchase agreements of 90 days or less collateralized 102 percent by U.S. Treasury or federal agency obligation securities held by the City's custodial bank.
- Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, were rated at least A or its equivalent.
- Banker's acceptances with maturities not exceeding 180 days, rated not less than A-1 (Standard & Poors), P-1 (Moody), 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 which 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.

2. Equity in Pooled Cash Investments, continued:

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

<u>Type of Instrument</u>	<u>Maximum % by Instrument</u>	<u>Maximum % by Issuer</u>
U.S. Treasury Obligations	100%	100%
U.S Government Instrumentalities Securities	100	100
U.S. Government Agency Securities	50	30
Repurchase Agreements	25	5
Certificates of Deposit	100	100
Michigan Municipal Securities	50	50/5*
Commercial Paper	25	5
Banker's Acceptance	25	5
Money Market Mutual Funds	25	25
Investment Pools	25	25
Joint Inter-Local Investment Ventures	25	25

* Securities issued by the State of Michigan are limited to a maximum of 50%, those issued by political subdivisions are limited to 5%

GENERAL CITY—DEPOSITS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. The City's investment policy seeks to minimize custodial credit risk by limiting the amount of deposits at each bank, savings and loan, or credit union to the amount of federal deposit insurance unless the institution has a bank rating of three stars or above by Bauer Financial. Most deposits are uninsured and uncollateralized. At year-end, the carrying value of the City's deposits (included in "Equity in Pooled Cash and Investments") was \$60,675,049 and the associated bank balances totaled \$67,163,386. Of the bank balances, \$3,500,000 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$63,663,386 were uninsured and exposed to custodial credit risk.

GENERAL CITY—INVESTMENTS

Custodial Credit Risk

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 pre-qualifying 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, 2020, all investments were held by the City's agents in the City's name.

2. Equity in Pooled Cash Investments, continued:

Concentration of Credit Risk

The City's Investment Policy aggregates both deposits and investments to calculate the concentration limitation percentage relative to the entire portfolio. Generally accepted accounting principles 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, At June 30, 2020 more than 5% of the City's investments were in securities of the following issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal National Mortgage Assoc.	\$ 45,073,825	11.0%
Federal Home Loan Mortgage Corp.	28,052,535	6.9

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The investment policy 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 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.

<u>Fair value by Investment Type</u>	<u>S&P Rating or Equivalent</u>				Not subject to credit risk
	Total	AAA / A-1	AA / A-2	A / A-3	
U.S. Treasury Obligations	\$ 98,719,499	\$ -	\$ -	\$ -	\$ 98,719,499
U.S. Government Agencies	116,558,081	116,558,081	-	-	-
Michigan municipal securities	90,668,602	4,358,057	83,058,549	3,251,996	-
Commercial Paper	29,996,995	-	22,497,370	7,499,625	-
Local Government Investment Pool	32,500,281	32,500,281	-	-	-
Money Market Mutual Funds	40,527,757	40,527,757	-	-	-
	<u>\$ 408,971,215</u>	<u>\$ 193,944,176</u>	<u>\$ 105,555,919</u>	<u>\$ 10,751,621</u>	<u>\$ 98,719,499</u>

Interest Rate Risk

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

2. Equity in Pooled Cash Investments, continued:

At June 30, 2020 the City's investments had the following maturities:

Investment Type	Weighted average maturity (yrs)
U. S. Treasury bonds	0.17
U. S. Treasury notes	4.14
U. S. Treasury Inflation Protected Securities	4.56
U. S. Agency bonds	12.06
Michigan municipal bonds	5.42
Commercial paper	0.06
Local Government Investment Pool	<0.16
Money market mutual funds	<0.25

Fair value measurement

The City categorizes its fair value measurements of its investment portfolio within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

The value of the City's investment portfolio at June 30, 2020 was developed using the following inputs:

	Reported value at June 30, 2020	Fair Value Measurements Using		
		Quoted prices for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments measured at fair value				
U.S. Treasury	\$ 98,719,499	\$ 89,010,464	\$ 9,709,035	\$ -
U.S. government agency	116,558,081	-	116,558,081	-
Michigan municipal securities	90,668,602	-	90,668,602	-
Commercial Paper	29,996,995	-	29,996,995	-
Total measured at fair value	<u>335,943,177</u>	<u>\$ 89,010,464</u>	<u>\$ 246,932,713</u>	<u>\$ -</u>
Investments measured at amortized cost				
Local Government Investment Pool	32,500,281			
Money Market Mutual Funds	40,527,757			
Total measured at amortized costs	<u>73,028,038</u>			
Total investments	<u>\$ 408,971,215</u>			

2. Equity in Pooled Cash Investments, continued:

RETIREMENT SYSTEMS—DEPOSITS

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

RETIREMENT SYSTEMS—INVESTMENTS

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

Custodial Credit Risk

Custodial Credit Risk for investments is the risk that in the event of the failure of the counter-party to a transaction, the system will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. 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, 2019, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2020, no General Retirement System (GRS) cash equivalents were exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. State statute and the systems' investment policies provide that no single issuer will represent more than 5% of the total fund. As of each system's fiscal year end, no single issuer within either portfolio represented more than 5% of the total fund or of the plan net position.

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The fixed income portfolio 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.

2. Equity in Pooled Cash Investments, continued:

As of the end of each system's fiscal year the fixed income securities in the two portfolios had the following credit ratings:

	P & F at December 31, 2019		GRS at June 30, 2020	
S&P AAA	\$	2,288,025	\$	1,722,543
S&P AA		2,155,534		3,036,227
S&P A		60,363,196		58,002,484
S&P BBB		10,393,477		9,910,841
S&P BB		137,172		125,873
S&P CC		293,156		294,762
S&P D		5,045		3,056
U.S. Gov't obligations - not subject to credit risk		49,590,635		47,983,522
Unrated securities and funds		4,555,815		3,184,470
Total Portfolio	\$	129,782,055	\$	124,263,778

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Both Retirement Systems structure their fixed income portfolios to be approximately neutral in duration and interest rate risk to that of the benchmark (Barclays Aggregate Index). The two portfolios contained the following debt investments and maturities at their respective fiscal year ends:

P & F at December 31, 2019:	Fair Value	< 1 Year	1-6 Years	6-10 Years	> 10 Years
Fixed Income					
United States government obligations	\$ 29,193,893	\$ 14,019	\$ 9,755,095	\$ 3,367,255	\$ 16,057,524
State and municipal bonds	373,534	-	45,669	271,860	56,005
Corporate bonds and fixed income commingled funds	72,587,764	771,049	8,275,200	57,598,253	5,943,262
Asset backed securities	4,990,994	10,321	422,445	375,022	4,183,206
Total	107,146,185	795,389	18,498,409	61,612,390	26,239,997
Other					
Cash and money market mutual funds	7,323,183	7,323,183	-	-	-
Investments held as collateral for securities lending	17,317,484	17,317,484	-	-	-
Total	24,640,667	24,640,667	-	-	-
Grand Total	\$ 131,786,852	\$ 25,436,056	\$ 18,498,409	\$ 61,612,390	\$ 26,239,997

2. Equity in Pooled Cash Investments, continued:

Interest Rate Risk, continued:

GRS at June 30, 2020:	Fair Value	< 1 Year	1-6 Years	6-10 Years	> 10 Years
<u>Fixed Income</u>					
United States government obligations	\$ 24,525,283	\$ 5,743	\$ 7,256,948	\$ 2,045,068	\$ 15,217,524
State and municipal bonds	364,650	-	40,027	278,730	45,893
Corporate bonds and fixed income commingled funds	70,459,368	1,111,475	7,967,429	55,818,818	5,561,646
Asset backed securities	4,957,531	13,528	389,747	-	4,554,256
Total	100,306,832	1,130,746	15,654,151	58,142,616	25,379,319
<u>Other</u>					
Cash and money market mutual funds	5,321,810	5,321,810	-	-	-
Investments held as collateral for securities lending	29,595,696	29,595,696	-	-	-
Total	34,917,506	34,917,506	-	-	-
Grand Total	\$ 135,224,338	\$ 36,048,252	\$ 15,654,151	\$ 58,142,616	\$ 25,379,319

* The maturity shown for comingled funds and mutual funds is the duration reported by their investment managers.

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

	Total Fair Value	Equities	Private Equity Partnerships	Private Credit Partnerships	Government Obligations	Corporate Bonds and Comingled Funds
P & F at December 31, 2019:						
U.S. Dollars	\$ 155,569,664	\$ 124,233,323	\$ 10,110,192	\$ 14,521,966	\$ 314,779	\$ 6,389,404
GRS at June 30, 2020:						
U.S. Dollars	\$ 143,611,668	\$ 112,403,534	\$ 10,229,771	\$ 13,712,175	\$ 316,138	\$ 6,950,050

2. Equity in Pooled Cash Investments, continued:

Securities Lending Risk

Public Act 314 permits and Trustees have implemented a securities lending program whereby 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 U.S.A. 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% of the market value of the borrowed securities, or not less than 105% if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2019, the P&F 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. Agencies	\$ 212,775	\$ 218,000
U.S. Corporate Fixed Income	1,535,327	1,569,636
U.S. Equities	8,895,522	9,109,179
U.S. Govt. Fixed Income	6,286,489	6,420,669
	\$ 16,930,113	\$ 17,317,484

As of June 30, 2019, the GRS had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral Received
U.S. Corporate Fixed Income	\$ 3,473,976	\$ 3,548,750
U.S. Equities	15,645,449	16,053,383
U.S. Gov't Fixed Income	9,777,215	9,993,563
	\$ 28,896,640	\$ 29,595,696

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

2. Equity in Pooled Cash Investments, continued:

Fair Value Measurement

The retirement systems categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets. Level 2 inputs are inputs that are observable, directly or indirectly, for an asset that are not Level 1 inputs. Level 3 inputs are values that are not directly observable and must be developed using reasonably available information about market participant assumptions on valuation of the asset.

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 comingled 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 reported value of private equity funds is considered a Level 3 input because each of the investments within the fund is 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.

The investments of the two portfolios as of the end of their respective fiscal years were categorized as follows:

<u>Police & Fire Retirement System</u>	Fair Value Measurements Using			
	Reported value at December 31, 2019	Quoted prices 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	\$ 51,829,763	\$ 29,193,893	\$ 22,635,870	\$ -
State & municipal bonds	373,534	373,534	-	-
Corporate bonds and fixed income				
comingled funds	72,587,764	17,696,780	54,890,984	-
Stocks & equity mutual funds	224,965,267	57,677,339	167,287,928	-
Real estate security fund	22,162,714	22,162,714	-	-
Asset backed securities	4,990,994	4,990,994	-	-
Commodities	19,739,597	-	19,739,597	-
Private equity partnerships	22,456,021	-	-	22,456,021
Private credit partnerships	17,823,842	-	-	17,823,842
Securities lending collateral pool	17,317,484	17,317,484	-	-
Total measured at fair value	<u>454,246,980</u>	<u>\$ 149,412,738</u>	<u>\$ 264,554,379</u>	<u>\$ 40,279,863</u>
Investments measured at amortized cost				
Money Market Mutual Funds	7,323,183			
Total investments	<u>\$ 461,570,163</u>			

2. Equity in Pooled Cash Investments, continued:

<u>General Retirement System</u>	Reported value at June 30, 2020	Fair Value Measurements Using		
		Quoted prices 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	\$ 48,481,274	\$ 24,525,282	\$ 23,955,992	\$ -
State & municipal bonds	364,650	364,650	-	-
Corporate bonds and fixed income commingled funds	70,459,368	19,155,551	51,303,817	-
Common and preferred stocks & equity mutual funds	195,681,564	48,171,519	147,510,045	-
Real estate security fund	18,575,394	18,575,394	-	-
Asset backed securities	4,958,486	4,958,486	-	-
Commodities	16,385,738	-	16,385,738	-
Private equity partnerships	23,092,944	-	-	23,092,944
Private credit partnerships	18,019,106	-	-	18,019,106
Securities lending collateral pool	29,595,696	29,595,696	-	-
Total measured at fair value	<u>425,614,220</u>	<u>\$ 145,346,578</u>	<u>\$ 239,155,592</u>	<u>\$ 41,112,050</u>
Investments measured at amortized cost				
Money Market Mutual Funds	5,321,810			
Total investments	<u>\$ 430,936,030</u>			

3. Stewardship, Compliance and Accountability

The legal level of budgetary control is the department level within each fund. With the exception of the General Fund, Major and Local Street Funds and various Capital Project and Grant Funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2020, expenditures did not exceed appropriations in any of the annually budgeted governmental funds.

The 311 Program Fund, an internal service fund that provides centralized customer services to other City funds, ended the year with a deficit of \$1,647,449. The deficit is solely the result of net pension liability and net OPEB liability, non-current liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund are provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when non-current liabilities mature.

The Engineering Fund, an internal service fund that provides services to other City funds, ended the year with a deficit of \$932,676. The deficit is solely the result of net pension liability and net OPEB liability, non-current liabilities, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund are provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when non-current liabilities mature.

The 61st District Court Fund, a discretely presented component unit, had a fund deficit of \$8,731,535 at June 30, 2020. The deficit is solely the result of net pension liability and the net OPEB liability, non-current liabilities, in the financial statements of full accrual funds. The General Fund is required to provide funding for the District Court, so future funding will be available when needed to fund these liabilities.

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 fund for Internal Service and restricted for debt service payments in the Water and Sewer Systems. Restricted assets as shown in the Statement of Net Position as of June 30, 2020 consist of the following:

	Proprietary Funds			
	Water Supply System	Sewage Disposal System	Internal Service	Total
Equity in pooled cash and investments	\$ 27,682,155	\$ 19,517,623	\$ -	\$ 47,199,778
Funds held by trustee	9,639,605	26,282,027	5,032,655	40,954,287
Loans receivable	152,314	79,356	-	231,670
Total restricted assets	\$ 37,474,074	\$ 45,879,006	\$ 5,032,655	\$ 88,385,735

5. Capital Assets

Capital assets at June 30, 2020 are summarized as follows:

	Balance July 1, 2019 (as restated)	Additions	Deletions	Balance June 30, 2020
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 25,286,504	\$ 798,134	\$ 232,456	\$ 25,852,182
Easement/Right of Way	1,245,449	15,376	-	1,260,825
Construction in progress	34,346,665	26,940,894	18,194,126	43,093,433
Total capital assets, not being depreciated	<u>60,878,618</u>	<u>27,754,404</u>	<u>18,426,582</u>	<u>70,206,440</u>
Capital assets, being depreciated:				
Land improvements	56,054,721	7,509,468	1,829,541	61,734,648
Buildings and structures	177,349,655	1,787,681	1,135,242	178,002,094
Machinery and equipment	23,512,012	11,036,475	438,574	34,109,913
Motor vehicles	55,478,504	5,714,957	3,754,505	57,438,956
Furniture	2,639,032	-	-	2,639,032
Software	221,312	-	-	221,312
Infrastructure	541,485,485	1,310,882	533,993	542,262,374
Total capital assets, being depreciated	<u>856,740,721</u>	<u>27,359,463</u>	<u>7,691,855</u>	<u>876,408,329</u>
Less accumulated depreciation for:				
Land improvements	33,903,317	2,098,946	1,829,541	34,172,722
Buildings and structures	114,442,799	3,378,588	564,691	117,256,696
Machinery and equipment	16,835,344	1,345,541	394,096	17,786,789
Motor vehicles	31,982,721	4,262,174	2,744,072	33,500,823
Furniture	2,573,575	30,440	-	2,604,015
Software	124,563	44,324	-	168,887
Infrastructure	421,884,427	12,612,264	-	434,496,691
Total accumulated depreciation	<u>621,746,746</u>	<u>23,772,277</u>	<u>5,532,400</u>	<u>639,986,623</u>
Total capital assets, being depreciated, net	<u>234,993,975</u>	<u>3,587,186</u>	<u>2,159,455</u>	<u>236,421,706</u>
Governmental activities capital assets, net	<u>\$ 295,872,593</u>	<u>\$ 31,341,590</u>	<u>\$ 20,586,037</u>	<u>\$ 306,628,146</u>

5. Capital Assets, continued:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 14,871,660	\$ 139,871	\$ 305,463	\$ 14,706,068
Easement/Right of Way	2,387,397	695,174	17,022	3,065,549
Construction in progress	53,009,979	85,316,585	34,279,945	104,046,619
Total capital assets, not being depreciated	<u>70,269,036</u>	<u>86,151,630</u>	<u>34,602,430</u>	<u>121,818,236</u>
Capital assets, being depreciated:				
Land improvements	29,927,118	1,022,658	8,635	30,941,141
Buildings and structures	209,424,628	3,726,549	294,508	212,856,669
Storage tanks	21,746,955	784,195	-	22,531,150
Water meters	8,065,938	-	-	8,065,938
Machinery and equipment	235,845,497	13,490,247	397,100	248,938,644
Motor vehicles	4,234,656	2,099,087	-	6,333,743
Furniture	1,719,594	-	-	1,719,594
Sewer service mains	523,685,347	4,555,307	48,109	528,192,545
Water mains	336,554,804	13,055,884	216,710	349,393,978
Intangibles & Software	190,958	-	-	190,958
Total capital assets, being depreciated	<u>1,371,395,495</u>	<u>38,733,927</u>	<u>965,062</u>	<u>1,409,164,360</u>
Less accumulated depreciation for:				
Land improvements	21,251,177	864,154	8,635	22,106,696
Buildings and structures	118,452,113	4,807,328	53,971	123,205,470
Storage tanks	13,217,282	570,758	-	13,788,040
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	158,899,932	7,176,385	217,896	165,858,421
Motor vehicles	2,238,462	556,193	-	2,794,655
Furniture	1,708,246	3,964	-	1,712,210
Sewer services mains	187,789,911	10,070,565	14,231	197,846,245
Water mains	92,001,327	4,508,162	-	96,509,489
Intangibles & Software	133,409	38,244	-	171,653
Total accumulated depreciation	<u>603,067,340</u>	<u>28,595,753</u>	<u>294,733</u>	<u>631,368,360</u>
Total capital assets, being depreciated, net	<u>768,328,155</u>	<u>10,138,174</u>	<u>670,329</u>	<u>777,796,000</u>
Business-type activities capital assets, net	<u>\$ 838,597,191</u>	<u>\$ 96,289,804</u>	<u>\$ 35,272,759</u>	<u>\$ 899,614,236</u>

5. Capital Assets, continued:

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

Governmental activities	
General government	\$ 2,001,445
Public safety	1,605,182
Public works	13,348,024
Culture and recreation	2,615,257
Community and economic development	12,975
Capital assets held by the government's internal service funds	4,189,394
Total depreciation expense - governmental activities	<u>\$ 23,772,277</u>
Business-type activities	
Water	\$ 9,831,819
Sewer	15,478,452
Auto Parking	2,994,077
Other	291,405
Total depreciation expense - business-type activities	<u>\$ 28,595,753</u>

DISCRETELY PRESENTED COMPONENT UNIT:

Activity for the 61st District Court for the year ended June 30, 2020 was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets, being depreciated:				
Motor vehicles	\$ 47,104	\$ -	\$ -	\$ 47,104
Intangibles/Software	150,780	-	-	150,780
Total capital assets, being depreciated	<u>197,884</u>	<u>-</u>	<u>-</u>	<u>197,884</u>
Less accumulated depreciation for:				
Motor vehicles	31,207	2,696	-	33,903
Intangibles/Software	90,426	30,198	-	120,624
Total accumulated depreciation	<u>121,633</u>	<u>32,894</u>	<u>-</u>	<u>154,527</u>
Total capital assets, being depreciated, net	<u>76,251</u>	<u>(32,894)</u>	<u>-</u>	<u>43,357</u>
61st District Court capital assets, net	<u>\$ 76,251</u>	<u>\$ (32,894)</u>	<u>\$ -</u>	<u>\$ 43,357</u>

5. Capital Assets, continued:

Activity for the Downtown Development Authority for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 12,099,929	\$ -	\$ 1,091,924	\$ 11,008,005
Construction in progress	-	109,412	-	109,412
Total capital assets, not being depreciated	<u>12,099,929</u>	<u>109,412</u>	<u>1,091,924</u>	<u>11,117,417</u>
Capital assets, being depreciated:				
Land improvements	6,708,245	-	-	6,708,245
Buildings and structures	59,919,979	-	-	59,919,979
Machinery and equipment	6,123,062	-	-	6,123,062
Furniture	2,827,540	-	-	2,827,540
Infrastructure	267,779	-	-	267,779
Total capital assets, being depreciated	<u>75,846,605</u>	<u>-</u>	<u>-</u>	<u>75,846,605</u>
Less accumulated depreciation for:				
Land improvements	5,589,656	199,348	-	5,789,004
Buildings and structures	44,915,218	1,998,650	-	46,913,868
Machinery and equipment	4,612,735	232,517	-	4,845,252
Furniture	2,144,035	94,335	-	2,238,370
Infrastructure	190,417	5,958	-	196,375
Total accumulated depreciation	<u>57,452,061</u>	<u>2,530,808</u>	<u>-</u>	<u>59,982,869</u>
Total capital assets, being depreciated, net	<u>18,394,544</u>	<u>(2,530,808)</u>	<u>-</u>	<u>15,863,736</u>
Downtown Development Authority capital assets, net	<u>\$ 30,494,473</u>	<u>\$ (2,421,396)</u>	<u>\$ 1,091,924</u>	<u>\$ 26,981,153</u>

5. Capital Assets, continued:

Activity for the Tax Increment Financing Authority for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019 (as restated)	Additions	Deletions	Balance June 30, 2020
Capital assets, being depreciated:				
Land improvements	\$ 1,486,800	\$ -	\$ -	\$ 1,486,800
Less accumulated depreciation for:				
Land improvements	1,442,425	22,218	-	1,464,643
Total capital assets, being depreciated, net	44,375	(22,218)	-	22,157
Tax Increment Financing Authority capital assets, net	<u>\$ 44,375</u>	<u>\$ (22,218)</u>	<u>\$ -</u>	<u>\$ 22,157</u>

The Smartzone Local Development Financing Authority, the Brownfield Redevelopment Authority, and the Corridor Improvement Districts do not have capital assets.

The City has active construction projects as of June 30, 2020. 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:

Fund	Project	Spend-to-Date	Remaining Commitment
Water	Various water mains and system construction projects	\$ 25,548,949	\$ 566,253
Sewer	Various sewer mains and system construction projects	58,680,248	717,717
Streets Capital	Various street construction projects	903,145	12,852
Vital Streets Capital	Various vital street construction projects	6,263,024	189,790
	Total	<u>\$ 91,395,366</u>	<u>\$ 1,486,612</u>

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds & contracts payable:					
Direct borrowings & direct placements:					
Direct placements	\$ 19,688,800	\$ -	\$ (753,000)	\$ 18,935,800	\$ 15,498,000
County contractual obligations	12,151,650	-	(695,350)	11,456,300	721,300
Other debt:					
General obligation limited tax bonds	36,320,000	-	(4,480,000)	31,840,000	4,695,000
Revenue bonds	21,375,000	18,735,000	(21,375,000)	18,735,000	1,885,000
Total principal outstanding	89,535,450	18,735,000	(27,303,350)	80,967,100	22,799,300
Unamortized premium on bonds	3,891,941	1,492,494	(630,814)	4,753,621	-
Unamortized discount on bonds	(33,543)	-	33,543	-	-
Total bonds & contracts payable	93,393,848	20,227,494	(27,900,621)	85,720,721	22,799,300
Insurance Claims	5,894,620	27,715,401	(27,715,401)	5,894,620	5,570,045
Compensated absences	9,994,179	9,693,861	(6,860,412)	12,827,628	6,486,382
Total Long-term Liabilities- Governmental Activities	<u>\$ 109,282,647</u>	<u>\$ 57,636,756</u>	<u>\$ (62,476,434)</u>	<u>\$ 104,442,969</u>	<u>\$ 34,855,727</u>
Business-Type Activities					
Bonds & contracts payable:					
Direct borrowings & direct placements:					
Direct placements	\$ 25,557,636	\$ -	\$ (1,512,342)	\$ 24,045,294	\$ 1,542,355
County contractual obligations	60,500	-	(29,500)	31,000	31,000
Other debt:					
General obligation limited tax bonds	26,180,000	-	(1,440,000)	24,740,000	1,490,000
Revenue bonds	363,055,000	61,475,000	(16,130,000)	408,400,000	11,745,000
Total principal outstanding	414,853,136	61,475,000	(19,111,842)	457,216,294	14,808,355
Unamortized premium on bonds	47,152,969	14,776,216	(2,377,927)	59,551,258	-
Total bonds & contracts payable	462,006,105	76,251,216	(21,489,769)	516,767,552	14,808,355
Compensated absences	2,269,787	1,805,312	(1,536,253)	2,538,846	1,283,786
Total Long-term Liabilities- Business-Type Activities	<u>\$ 464,275,892</u>	<u>\$ 78,056,528</u>	<u>\$ (23,026,022)</u>	<u>\$ 519,306,398</u>	<u>\$ 16,092,141</u>
Component Units					
Bonds & contracts payable:					
Direct borrowings & direct placements:					
County contractual obligations	\$ 102,850	\$ -	\$ (50,150)	\$ 52,700	\$ 52,700
Other debt:					
General obligation limited tax bonds	20,915,000	-	(6,385,000)	14,530,000	6,460,000
Total principal outstanding	21,017,850	-	(6,435,150)	14,582,700	6,512,700
Unamortized premium on bonds	1,561,608	-	(520,536)	1,041,072	-
Total bonds & contracts payable	22,579,458	-	(6,955,686)	15,623,772	6,512,700
Compensated absences	559,381	521,052	(378,918)	701,515	354,726
Total Long-term Liabilities- Component Units	<u>\$ 23,138,839</u>	<u>\$ 521,052</u>	<u>\$ (7,334,604)</u>	<u>\$ 16,325,287</u>	<u>\$ 6,867,426</u>

6. Long-Term Obligations

Governmental Activities	Maturity Dates	Interest Rates	Outstanding Balance
Bonds and Contracts:			
Direct borrowings and direct placements:			
2017 Capital Improvement Bonds Cemeteries	2-21 to 2-27	1.5 - 2.65%	\$ 2,565,000
2015 Capital Improvement Bonds Vital Streets	8-20	1.79%	15,000,000
2013 Capital Improvement Bonds	8-20 to 8-29	2.98%	1,215,000
2012 Grand Rapids Brownfield Redevelopment Authority Purchase Agreement	6-21 to 6-23	2.1%	155,800
Kent County Drain Commission Contract payable (2016 Floodwalls)	11-20 to 11-36	3 - 5%	7,565,000
Kent County Drain Commission Contract payable (2014 Floodwalls)	11-20 to 11-34	3 - 4%	3,665,000
Kent County Drain Commission Contract payable (2008 Floodwalls)	11-20	4%	226,300
Other debt:			
2018 LTGO Capital Improvement (street lighting)	10-22 to 10-41	3 - 5%	8,210,000
2016 LTGO Refunding Bonds	10-20 to 10-27	3 - 5%	6,325,000
2016 Capital Improvement Bonds Vital Streets	4-21 to 4-26	4 - 5%	10,815,000
2011 Grand Rapids Building Authority Refunding Bonds (Arch. Ctr. Ph II)	10-20 to 10-21	1.9-2.51%	755,000
2010A Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe)	10-33 to 10-39	6.5%	1,770,000
2010B Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe-taxable)	10-20 to 10-32	5 - 6.33%	2,015,000
2009 Grand Rapids Building Authority Refunding (Police Facilities)	8-20	4.77%	1,950,000
2019A Grand Rapids Building Authority (Condo II-taxable)	10-20 to 10-28	5.00%	8,700,000
2019B Grand Rapids Building Authority (Condo II)	10-20 to 10-28	1.9-2.51%	10,035,000
			<u>80,967,100</u>
Other:			
Insurance claims			5,894,620
Compensated absences			12,827,628
Unamortized bond premium			4,753,621
			<u>104,442,969</u>
Less amounts due within one year:			
Bonds & contracts payable			(22,799,300)
Insurance claims			(5,570,045)
Compensated absences			(6,486,382)
			<u>(34,855,727)</u>
Total Long-Term Portion Governmental Activities			<u>\$ 69,587,242</u>

6. Long-Term Obligations, continued:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Business-Type Activities			
Bonds and Contracts:			
Direct borrowings and direct placements:			
2014 Water Supply System QECB/IPA	1-21 to 1-24	2.54%	\$ 840,814
2016 Water Supply System Junior Lien Revenue Bonds	4-21 to 4-36	2.5%	1,813,008
2015 Water Supply System Junior Lien Revenue Bonds	10-20 to 10-36	2.5%	8,153,063
2014 Water Supply System Junior Lien Revenue Bonds	10-20 to 10-34	2.5%	2,272,840
2012 Water Supply System Junior Lien Revenue Bonds	10-20 to 10-33	2.5%	2,445,930
2012A Water Supply System Junior Lien Revenue Bonds	4-21 to 4-33	2%	473,514
2011A Water Supply System Junior Lien Revenue Bonds	10-20 to 10-31	2.5%	574,752
2011B Water Supply System Junior Lien Revenue Bonds	4-21 to 4-32	2.5%	511,549
2011C Water Supply System Junior Lien Revenue Bonds	4-21 to 4-33	2.5%	1,941,024
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-21 to 4-34	2%	819,125
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-20 to 4-32	2.5%	3,049,305
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-20 to 4-33	2.5%	1,150,370
Kent County Drain Commission Contract Payable (2008 Floodwalls)	11-20	4%	31,000
Other debt:			
2020 Water Supply System Revenue Refunding Bonds	1-21 to 1-50	5%	26,445,000
2018 Water Supply System Revenue Refunding Bonds	1-21 to 1-48	4 - 5%	31,345,000
2016 Water Supply System Revenue Refunding Bonds	1-21 to 1-46	4 - 5%	35,535,000
2015 Water Supply System Revenue Refunding Bonds	1-21 to 1-35	5%	23,350,000
2013 Water Supply System Revenue Refunding Bonds	1-21 to 1-28	2 - 4%	1,730,000
2020 Sanitary Sewer System Revenue Bonds	1-21 to 1-50	4 - 5%	35,030,000
2018 Sanitary Sewer System Revenue Bonds	1-21 to 1-48	5%	41,160,000
2016 Sanitary Sewer System Revenue Refunding Bonds	1-21 to 1-38	5%	45,400,000
2014 Sanitary Sewer System Revenue Refunding Bonds	1-21 to 1-44	5%	51,295,000
2013 Sanitary Sewer System Revenue Refunding Bonds	1-21 to 1-34	2 - 5%	34,625,000
2012 Sanitary Sewer System Revenue Bonds	1-21 to 1-42	4 - 5%	23,500,000
2010A Sanitary Sewer System Revenue Bonds (BAB's)	1-26 to 1-41	6.62 - 6.72%	21,330,000
2010 Sanitary Sewer System Revenue Refunding Bonds	1-23 to 1-28	5%	29,625,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-21 to 1-22	5.5%	8,030,000
2016 Limited Tax General Obligation Refunding Bonds	10-20 to 10-36	3 - 5%	10,880,000
2011 Grand Rapids Building Authority Refunding Bonds (Ottawa/Fulton)	10-20 to 10-20	4.663 - 4.669%	450,000
2011 Grand Rapids Building Authority Refunding Bonds (Monroe Center)	10-20 to 10-31	4.5 - 5%	8,225,000
2010C Grand Rapids Building Authority Bonds (Gallery)	10-20 to 10-35	4.15 - 5.9%	5,185,000
			<u>457,216,294</u>

6. Long-Term Obligations, continued:

Business-Type Activities, continued:

Other:

Unamortized bond premium	59,551,258
Compensated absences	2,538,846
	<u>519,306,398</u>

Less amounts due within one year:

Bonds & contracts payable	(14,808,355)
Compensated absences	(1,283,786)
	<u>(16,092,141)</u>

Total Long-Term Portion Business-Types Activities \$ 503,214,257

Component Units	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
Direct borrowings and direct placements:			
Kent County Drain Commission Contracts Payable (2008 Floodwalls)	11-20	4%	\$ 52,700
Other debt:			
2017 Downtown Development Authority Refunding Bonds	5-21 to 5-22	5%	12,835,000
2012 Brownfield Redevelopment Authority Bonds	6-21 to 6-32	3 - 4%	1,695,000
			<u>14,582,700</u>
Other:			
Compensated absences			701,515
Unamortized bond premium			1,041,072
			<u>16,325,287</u>
Less amounts due within one year:			
Bonds & contracts payable			(6,512,700)
Compensated absences			(354,726)
			<u>(6,867,426)</u>
Total Long-Term Portion Component Units			<u><u>\$ 9,457,861</u></u>

6. Long-Term Obligations, continued:

On October 31, 2019 the Grand Rapids Building Authority issued Revenue Refunding Bonds Series 2019A and Series 2019B in the amounts of \$8,700,000 with an interest rate of 5% and \$10,035,000 with interest rates ranging from 1.9% to 2.51%, respectively, with maturities at varying amounts from October 2020 to 2028. The net proceeds of \$20,086,981 (including premium of \$1,492,494 less underwriter's discount of \$140,513) were used for issue costs of the bonds, and deposited into an escrow fund for the redemption of \$9,955,000 of Series 2002A bonds and \$9,755,000 of Series 2004A both of which were used to acquire and renovate 1 North Division Ave on behalf of the State of Michigan. The net present value savings is \$2,902,451. The net carrying value of the old debt exceeded the reacquisition price by \$2,365,415 which will be amortized over the life of the refunding bonds. Debt service will be funded from the State of Michigan lease payments.

On February 12, 2020 the City of Grand Rapids issued Sanitary Sewer System Revenue Bonds, Series 2020 in the amount of \$35,030,000 with interest rates ranging from 4% to 5% with maturities at varying amounts from January 2021 to 2050. The net proceeds of \$42,484,894 (including a premium of \$7,656,552 less underwriter's discount of \$201,658) were used for issue costs of the bonds, debt service reserve funds, paying for certain improvements to the City's Sewer supply System and deposited into an escrow fund for the redemption of \$1,450,000 of Series 2010B Water Bonds. The net present value savings is \$106,835, actual savings was \$141,174. The bonds are self-liquidating bonds and are not a general obligation of the city. Debt service will be funded solely from the net revenues derived from operation of the Sewer System.

On June 25, 2020 the City of Grand Rapids issued Water Supply System Revenue Bonds, Series 2020 in the amount of \$26,445,000 with an interest rate of 5% with maturities at varying amounts from January 2022 to 2050. The net proceeds of \$33,405,178 (including a premium of \$7,119,664 less underwriter's discount of \$159,486) were used for issue costs of the bonds, debt service reserve funds, and paying for certain improvements to the City's Water supply System. The bonds are self-liquidating bonds and are not a general obligation of the city. Debt service will be funded solely from the net revenues derived from operation of the Water System.

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

The bonds issued by the GRBA have been recorded in the governmental activities for government-wide presentation except for the series 2010C issue for the purchase of the Gallery on Fulton Ramp and a majority of the series 2011 refunding bond for which the obligations and related assets are recorded in the Parking System Enterprise Fund. The City pays the current debt service requirements on these bonds in the form of lease payments to the GRBA. The City has pledged its limited full faith and credit on these bonds.

Amounts reflected as county contractual obligations represent the City's liability for intra-county drain and improvement projects in which it participated or is participating with Kent County.

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

The bonds issued by the DDA were issued in anticipation of Tax Increment Revenues on taxable properties in the Development area. The debt service requirements are financed from property tax revenues collected in the DDA.

The City's total bonded debt does not include the 2001 JBA bonds of \$28,471,601 or the 2013 JBA bonds of \$2,350,000. 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 semi-annual rental payments in amounts sufficient to pay principal and interest on the bonds. The County 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.

6. Long-Term Obligations, continued:

The annual requirements for debt service payments on long term bonds and contracts payable at June 30, 2020:

Fiscal Year	Governmental Activities				Business Type Activities			
	Direct borrowings & direct placements		Other Debt		Direct borrowings & direct placements		Other Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 16,219,300	\$ 717,601	\$ 6,580,000	\$ 2,033,124	\$ 1,573,355	\$ 586,817	\$ 13,235,000	\$ 19,938,115
2022	1,018,000	550,882	4,745,000	1,793,887	1,582,495	547,701	15,705,000	20,118,714
2023	1,049,800	519,616	4,790,000	1,611,360	1,632,765	508,207	16,495,000	19,325,627
2024	1,035,001	486,497	4,990,000	1,404,197	1,668,199	467,563	17,335,000	18,510,169
2025	1,075,000	451,798	5,200,000	1,185,582	1,485,000	425,974	18,190,000	17,652,872
2026-2030	4,699,999	1,674,716	16,060,000	3,098,776	7,990,000	1,557,857	96,145,000	74,492,945
2031-2035	4,045,000	780,090	3,110,000	1,459,374	6,863,409	556,791	102,460,000	51,704,324
2036-2040	1,250,000	63,250	3,900,000	663,720	1,281,071	32,190	72,490,000	29,232,207
2041-2045	-	-	1,200,000	48,400	-	-	48,295,000	14,204,336
2046-2050	-	-	-	-	-	-	32,790,000	3,923,950
	<u>\$ 30,392,100</u>	<u>\$ 5,244,450</u>	<u>\$ 50,575,000</u>	<u>\$ 13,298,420</u>	<u>\$ 24,076,294</u>	<u>\$ 4,683,100</u>	<u>\$433,140,000</u>	<u>\$269,103,259</u>

Fiscal Year	Component Units				Totals	
	Direct borrowings & direct placements		Other Debt		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	\$ 52,700	\$ 1,054	\$ 6,460,000	\$ 703,512	\$ 44,120,355	\$ 23,980,223
2022	-	-	6,610,000	382,813	29,660,495	23,393,997
2023	-	-	125,000	53,512	24,092,565	22,018,322
2024	-	-	130,000	48,513	25,158,200	20,916,939
2025	-	-	135,000	43,962	26,085,000	19,760,188
2026-2030	-	-	735,000	145,932	125,629,999	80,970,226
2031-2035	-	-	335,000	18,937	116,813,409	54,519,516
2036-2040	-	-	-	-	78,921,071	29,991,367
2041-2045	-	-	-	-	49,495,000	14,252,736
2046-2050	-	-	-	-	32,790,000	3,923,950
	<u>\$ 52,700</u>	<u>\$ 1,054</u>	<u>\$ 14,530,000</u>	<u>\$ 1,397,181</u>	<u>\$552,766,094</u>	<u>\$293,727,464</u>

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

6. Long-Term Obligations, continued:

WORKERS COMPENSATION

Although the liability for Workers' Compensation is recorded in the Insurance Payment Internal Services 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.

7. Retirement Plans

The City has two single-employer defined benefit pension plans which 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 system's financial reports for recent years can be found on the pension's systems web-site, www.grpensions.org. Copies are also available on the Michigan Department of Treasury web-site, <http://www.michigan.gov/treasury>, by searching Kent County governments within the Local Audit and Finance Division – Document Search page. The pension system's web-site also includes recent actuarial studies with a complete summary of benefit provisions.

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 non-compounding escalator of 1% to each Police member's, or 1.5% 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 the prior five years have exceeded 8.0%. Eligibility for either benefit is determined by the member's bargaining unit and termination date.

An eligible employee becomes a participant in the System as of his or her date of permanent employment. The System provides for 100% vesting in System benefits with ten 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% of a member's final average salary (FAS) based on the three consecutive years of highest pay-rate, up to a maximum percentage of FAS between 80% and 100% 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 over-time pay). In fiscal year 2019 those adjustments were 14.0% for police members and 11.7% for firefighter members. All plan members are eligible for a duty disability benefit of between 72 and 90% of their salary at the time of disability less certain offsets. Plan members are also eligible for a non-duty disability allowance that varies based on bargaining unit, years of service and age. The surviving spouse of a member that dies prior to retiring is eligible to receive benefits of at least 20% of the member's salary. Dependents are eligible for a separate allowance of up to 15% of the member's salary until age 18 (age 23 if they are full time students).

At December 31, 2019, the Police and Fire System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	724
Terminate plan members entitled to but not yet receiving benefits	28
Active plan members	466
Total	1218

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 non-compounding escalator of 1% to each member's retirement allowance subsequent to his or her retirement date or eligibility for a 13th check that is issued to participants when the average return of the system's investments the prior five years have exceeded 8.0%. Which of the two benefit enhancements a member is eligible for is determined by the member's bargaining unit and termination date.

7. Retirement Plans, continued:

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

For members of the Crime Scene Technicians group and for members of the ECO I, II and III group, FAS is adjusted each year by a factor that accounts for the average holiday, overtime, shift adjustment, and other forms of compensation that the group earned as a percentage of their pay-rate during the previous five-year period. Those adjustments to the pensions of group members retiring during the year ending June 30, 2019 were 9.7% and 56.4% respectively. For purposes of benefit calculations, the FAS is based on the member’s three 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 non-duty disability benefits after completing ten 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% 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, then the allowance shall not be less than 62% 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 12.

At June 30, 2019, the General System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	1186
Terminate plan members entitled to but not yet receiving benefits	106
Active plan members	446
Total	1738

BASIS OF ACCOUNTING

The Systems’ financial statements are prepared using the accrual basis of accounting. Employer contributions are calculated on an actuarial basis as a percent of pensionable wages. Both employer and plan member contributions are recognized when covered wages are earned. Benefits are paid monthly. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Police and Fire System has adopted a December 31 year-end. The General Retirement System shares a June 30 year-end with the primary government. The measurement dates of the City’s net pension liability were December 31, 2019 for the Police and Fire System and June 30, 2019 for the General System.

7. Retirement Plans, continued:

The actuarial assumptions used to value the liabilities were as follows:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Actuarial measurement date	December 31, 2019	June 30, 2019
Project salary increases	3.25% - 20.25%	3.25% - 7.70%
Inflation assumptions	3.25% - wage, 2.5% - price	2.50% - wage, no explicit price inflation
Investment rate of return	7.15%	7.00%
Discount rate	7.15%	7.00%
Mortality assumptions	RP-2014 healthy annuitant mortality tables, projected to 2019 using the MP-2014 mortality improvement scale	RP-2014 healthy annuitant mortality tables, projected to 2019 using the MP-2014 mortality improvement scale

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 most recent studies covered the five years ending June 30, 2014 and December 31, 2014 and were used to set the assumptions used to calculate net pension liability presented herein and future contributions.

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Contribution rates for fiscal year 2020:		
City (employer)	24.95%	34.74%
Plan Members	9.86 - 14.66%	3.00 - 11.54%

INVESTMENTS

Investments are reported 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 System’s investments and their valuation is found in Note 2.

7. Retirement Plans, continued:

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:

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

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, 2.1% at June 30, 2019 and 2.25% at December 31, 2019

The current asset allocation policy for each pension system and the expected arithmetic real rate of return (net of projected inflation) of each asset class as of December 31, 2019 and June 30, 2019 is shown below.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return December 31, 2019
U.S. equity	17.75 %	5.03 %
Non-U.S. equity	17.75	5.42
Fixed income	24.50	2.23
Treasury Inflation Protected Securities	5.00	2.00
Real estate securities	5.00	4.25
Private equity	5.00	7.67
Commodities	5.00	2.78
Master Limited Partnerships	5.00	6.18
Private credit	5.00	5.14
Global low volatility	10.00	5.29
Total	100.00 %	4.33 %

7. Retirement Plans, continued:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return June 30, 2019
U.S. equity	17.75 %	5.60 %
Non-U.S. equity	17.75	5.98
Fixed income	24.50	2.72
Treasury Inflation Protected Securities	5.00	2.43
Real estate securities	5.00	4.78
Private equity	5.00	8.52
Commodities	5.00	3.18
Master Limited Partnerships	5.00	7.53
Private credit	5.00	6.58
Global low volatility	10.00	5.86
Total	100.00 %	4.96 %

DISCOUNT RATE

A single discount rate based on the expected rate of return on System investments was used to measure the total pension liability. This single discount rate was of 7.0% as of the measurement dates of the General Retirement System liabilities and 7.15% as of the measurement date of the Police and Fire Retirement System liabilities. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate and that both contributions will continue to be made bi-weekly when wages are paid. Based on these assumptions, both System's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents each System's net pension liability as of the most recent measurement dates. The discount rate of 7.15% used in the calculations were the rates in effect at the respective measurement dates. All of the Police and Fire System is allocated to the Primary Government, 7% of the General System is allocated to Component Units, the rest to the Primary Government. Also shown is what each System's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Police and Fire Retirement System

General Retirement System

Police and Fire Retirement System			General Retirement System		
1% Decrease	Current Single Discount Rate Assumption	1% Increase	1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.15%	7.15%	8.15%	6.00%	7.00%	8.00%
\$169,196,434	\$105,574,598	\$52,909,314	\$178,518,864	\$120,050,734	\$72,706,570

7. Retirement Plans, continued:

Changes in the Net Pension Liability
of the Police & Fire Retirement System
during the measurement period

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at December 31, 2018	\$ 530,714,452	\$ 387,555,682	\$ 143,158,770
Changes for the year:			
Service Cost	9,071,101	-	9,071,101
Interest on the total pension liability	37,279,003	-	37,279,003
Changes in benefit terms	-	-	-
Difference between actual and expected experience	2,068,208	-	2,068,208
Changes in assumptions	-	-	-
Contributions - employer	-	9,672,074	(9,672,074)
Contributions - employee	-	5,832,668	(5,832,668)
Net investment income	-	71,134,823	(71,134,823)
Benefit payments, including refund of employee contributions	(27,730,677)	(27,730,677)	-
Administrative expense	-	(592,306)	592,306
Other changes	-	(44,775)	44,775
Net Changes	20,687,635	58,271,807	(37,584,172)
Balances at December 31, 2019	\$ 551,402,087	\$ 445,827,489	\$ 105,574,598

Changes in the Net Pension Liability
of the General Retirement System
during the measurement period

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 526,954,073	\$ 416,899,911	\$ 110,054,162
Changes for the year:			
Service Cost	4,657,970	-	4,657,970
Interest on the total pension liability	36,626,148	-	36,626,148
Changes in benefit terms	-	-	-
Difference between actual and expected experience	(2,877,132)	-	(2,877,132)
Changes in assumptions	7,963,218	-	7,963,218
Contributions - employer	-	12,920,265	(12,920,265)
Contributions - employee	-	2,677,960	(2,677,960)
Net investment income	-	21,371,497	(21,371,497)
Benefit payments, including refund of employee contributions	(34,058,491)	(34,058,491)	-
Administrative expense	-	(596,090)	596,090
Other changes	-	-	-
Net Changes	12,311,713	2,315,141	9,996,572
Balances at June 30, 2019	\$ 539,265,786	\$ 419,215,052	\$ 120,050,734

Changes in assumptions: the assumed rate of return was reduced from 7.15% to 7%.

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

Schedule of Aggregate Amounts Related to Defined Benefit Pension Plans

	Amounts allocated to					
	June 30, 2019	June 30, 2020				
	Balance	Net Change	Balance			
Deferred outflows of resources:				Primary Government	Component	
Contributions after meas. date	\$ 17,618,261	\$ (1,443,583)	\$ 16,174,678	Governmental	Business	
Other differences	59,723,226	(40,277,392)	19,445,834	Business	Unit	
Net pension liability	253,212,932	(27,587,600)	225,625,332	187,474,181	30,084,951	8,066,200
Deferred inflow of resources	2,106,410	12,700,379	14,806,789	14,141,525	524,609	140,655
Pension expense			\$ 47,982,510	\$ 40,988,218	\$ 5,515,507	\$ 1,478,785

7. Retirement Plans

For the year ended June 30, 2020, the City recognized pension expense of \$25,973,477 for the Police and Fire System and pension expense of \$22,009,033 for the General Retirement System, of which \$1,478,785 related to the 61st District Court, a discretely presented component unit. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police and Fire Retirement System</u>		<u>General Retirement System</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experiences	\$ 5,036,829	\$ -	\$ -	\$ 2,093,398
Change in assumptions	1,342,631	-	5,543,674	-
Net difference between projected and actual earnings on pension plan investments	-	12,713,391	7,522,700	-
Contributions subsequent to the measurement date	4,849,435	-	11,325,243	-
Total	<u>\$ 11,228,895</u>	<u>\$ 12,713,391</u>	<u>\$ 24,391,617</u>	<u>\$ 2,093,398</u>

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors are amortized over a closed period equal to the average of the expected remaining period of service for all system members. Those time periods are 4 years for the Police and Fire System and 2.3 years for the General Retirement System. The differences between projected and actual investment earnings are amortized over five years. The \$16,143,316 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 year ending June 30, 2021. 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:

<u>Year ended June 30,</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Thereafter</u>
from the Police and Fire System	\$ 1,138,231	\$ (1,473,576)	\$ 2,778,303	\$ (8,776,889)	\$ -	\$ -
from the General System	7,913,743	14,997	1,493,118	1,551,118	-	-
Total effect on future pension expense	<u>\$ 9,051,974</u>	<u>\$ (1,458,579)</u>	<u>\$ 4,271,421</u>	<u>\$ (7,225,771)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Postemployment Benefits Other than Pensions

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 pension liability. Because these plans do not issue separate statements, both GASB 74 and GASB 75 requirements are presented in this footnote. The basic financial statements for the plans are presented here for the fiscal year ended June 30, 2020. The measurement date of the employer's Net OPEB liability is June 30, 2019 while the actuarial valuation date to determine required contributions was June 30, 2018.

City of Grand Rapids, Michigan
Other Post Employment Benefit Trust Funds
Statement of Fiduciary Net Position
June 30, 2020

	Retiree Health Care Trust Funds			Total Retiree Health Care Trust Funds
	General Retiree	Police Retiree	Fire Retiree	
ASSETS				
Equity in pooled cash and investments	\$ 748,918	\$ 507,191	\$ 373,115	\$ 1,629,224
Investments held by trustee:				
Diversified investment pool	13,482,815	37,576,443	20,189,627	71,248,885
Receivables, net	6,988	3,142	1,131	11,261
Total assets	<u>14,238,721</u>	<u>38,086,776</u>	<u>20,563,873</u>	<u>72,889,370</u>
LIABILITIES				
Vouchers and accounts payable	137,205	128,646	197,117	462,968
Total liabilities	<u>137,205</u>	<u>128,646</u>	<u>197,117</u>	<u>462,968</u>
NET POSITION				
Restricted for health care benefits	14,101,516	37,958,130	20,366,756	72,426,402
Total net position	<u>\$ 14,101,516</u>	<u>\$ 37,958,130</u>	<u>\$ 20,366,756</u>	<u>\$ 72,426,402</u>

8. Postemployment Benefits Other than Pensions, continued:

City of Grand Rapids, Michigan
Statement of Changes in Fiduciary Net Position
Other Post Employment Benefit Trust Funds
for the year ended June 30, 2020

	Retiree Health Care Trust Funds			Total Retiree Health Care Trust Funds
	General Employee	Police Retiree	Fire Retiree	
ADDITIONS				
Employer contributions	\$ 3,761,766	\$ 2,786,728	\$ 2,106,558	\$ 8,655,052
Investment income:				
Interest and dividends	15,399	11,104	4,273	30,776
Net appreciation in fair value of investments	355,241	933,428	483,509	1,772,178
Total additions	4,132,406	3,731,260	2,594,340	10,458,006
DEDUCTIONS				
Benefits paid	2,749,260	2,170,815	2,487,966	7,408,041
Administration expenses	182,840	173,855	138,589	495,284
Total deductions	2,932,100	2,344,670	2,626,555	7,903,325
Change in net position	1,200,306	1,386,590	(32,215)	2,554,681
Total net position - beginning	12,901,210	36,571,540	20,398,971	69,871,721
Total net position - ending	\$ 14,101,516	\$ 37,958,130	\$ 20,366,756	\$ 72,426,402

GENERAL INFORMATION

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. Plan operation is administered by City staff. The fiduciary responsibility for the custody and investment of plan assets has been delegated to the Municipal Employees' Retirement System of Michigan (MERS), which operates a number of multi-employer cost sharing and agent pension, OPEB, and defined contribution retirement plans for Michigan municipalities. Current full-time employees not covered by one of the DB OPEB plans described here are covered by a defined contribution (DC) plan created in 2009 and administered by MERS. Information about the DC plan is presented in Note 12. The DB benefits under all plans are closed to new members, but at retirement (or death or disability) new hires who are members of the DC OPEB plan have the right to purchase the benefit coverage at the premium cost that applies to the entire insurance pool. Because the premium is not age-graded to reflect a retiree's actual age, an implicit rate subsidy is valued as a benefit provided under the DB plans.

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

8. Postemployment Benefits Other than Pensions, continued:

BASIS OF ACCOUNTING

The Plans' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized bi-weekly 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.

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 that retire after March of 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 2020, the City contributed \$8,655,052 to the three plans. Retiree premium payments of \$1,431,653 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 13.41% for firefighters, 11.96% for police officers, and 8.55% for other employees. The DB plans receive all revenue from these charges that are not required to be contributed to the DC OPEB plan.

MEMBERSHIP

At the June 30, 2019 valuation date, membership consisted of the following:

	General	Police	Fire	Total
Retirees and beneficiaries receiving benefit payments	234	107	113	454
Non-covered retirees purchasing benefit at subsidized rate	1	4	-	5
Inactive plan members entitled to but not yet receiving benefit payments	-	26	6	32
Active plan members	242	114	115	471
Employees eligible to purchase benefit at subsidized rate after retirement	643	181	75	899
Total	1,120	432	309	1,861

8. Postemployment Benefits Other than Pensions, continued:

At the June 30, 2020 valuation date, membership in the plans consisted of the following:

	General	Police	Fire	Total
Retirees and beneficiaries receiving benefit payments	203	122	109	434
Non-covered retirees purchasing benefit at subsidized rate	2	4	-	6
Inactive plan members entitled to but not yet receiving benefit payments	-	24	4	28
Active plan members	231	87	107	425
Employees eligible to purchase benefit at subsidized rate after retirement	670	209	82	961
Total	1,106	446	302	1,854

INVESTMENTS

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

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

At June 30, 2020 the General, Police, and Fire Retiree Health Care plan respectively had 90.05%, 95.9%, and 93.9% of assets invested in the MERS Total Market Portfolio, which is the most diversified of the available portfolio options. The remainder of each plan was invested in the Short-term Income Portfolio.

For the year ended June 30, 2020, MERS calculated the aggregate annual money-weighted rate of return on investments, net of investment expense, as 2.32% for the Total Market Portfolio and 4.18% for the Short-Term Income Fund. Over the same time period the plans had the following money-weighted rates of return for their actual investments: General – 2.34%, Police – 2.33%, and Fire – 2.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

8. Postemployment Benefits Other than Pensions, continued:

LONG-TERM EXPECTED RATE OF RETURN AND ASSET ALLOCATION

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

Investment Type	Expected Real Return	Target Allocation of Each Portfolio	Expected Asset Allocation Over the Life of the Plan			Combined Plans
			General	Police	Fire	
Multi-asset diversified portfolio consisting of:						
Global Equity	5.25%	60.0%	44.4%	30.5%	33.3%	33.3%
Global Fixed Income	1.25	20.0	14.8	10.2	11.1	11.1
Private Investments	7.25	20.0	20.8	14.3	15.6	15.6
Total Portfolio	5.00%	100.0%	80.0%	55.0%	60.0%	60.0%
Short-term income portfolio consisting of:						
U.S. Bonds	(1.50)%	100.0%	20.0%	45.0%	40.0%	40.0%
Total	2.40%		100.0%	100.0%	100.0%	100.0%

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

NET OPEB LIABILITY OF THE CITY

The components of the net OPEB liability of the City of Grand Rapids at June 30, 2020, were as follows:

	General	Police	Fire	Total
Total OPEB liability	\$ 32,870,069	\$ 45,120,857	\$ 27,637,821	\$ 105,628,747
Plan fiduciary net position	14,101,516	37,958,130	20,366,756	72,426,402
City's net OPEB liability	\$ 18,768,553	\$ 7,162,727	\$ 7,271,065	\$ 33,202,345
Plan fiduciary net position as a percent of the total OPEB liability	42.90%	84.13%	73.69%	68.57%

8. Postemployment Benefits Other than Pensions, continued:

The City reports the net OPEB liability on its financial statements using a measurement date of June 30, 2019. Changes in the City's net OPEB liability resulting from the operation of the three plans during the year prior to the measurement date of June 30, 2019 are shown below:

	Retiree Health Care Trust Funds		
	General Employee	Police Retiree	Fire Retiree
Total OPEB Liability			
Service cost	\$ 902,797	\$ 1,238,893	\$ 1,105,487
Interest on the total OPEB liability	2,660,640	3,201,058	2,018,137
Difference between expected and actual experience	(6,625,742)	(5,847,660)	(4,759,934)
Changes of assumptions	(3,375,513)	(3,931,708)	(2,544,676)
Benefit payments, net of retiree premiums	(3,648,296)	(2,200,071)	(2,174,165)
Net change in total OPEB liability	(10,086,114)	(7,539,488)	(6,355,151)
Total OPEB liability - at June 30, 2018	54,585,545	64,501,757	40,897,069
Total OPEB liability - at June 30, 2019	\$ 44,499,431	\$ 56,962,269	\$ 34,541,918
Plan fiduciary net position			
Contributions - employer	\$ 5,742,193	\$ 4,099,293	\$ 2,945,869
OPEB plan net investment income	382,690	1,064,305	586,976
Benefit payments, net of retiree premiums	(3,648,296)	(2,200,071)	(2,174,165)
OPEB plan administrative expenses	(161,545)	(142,446)	(116,428)
Net change in plan fiduciary net position	2,315,042	2,821,081	1,242,252
Plan fiduciary net position - at June 30, 2018	10,586,168	33,750,459	19,156,719
Plan fiduciary net position - at June 30, 2019	\$ 12,901,210	\$ 36,571,540	\$ 20,398,971
Net OPEB liability - at June 30, 2019	\$ 31,598,221	\$ 20,390,729	\$ 14,142,947

Changes of assumptions: 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

8. Postemployment Benefits Other than Pensions, continued:

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

Schedule of Aggregate Amounts Related to Defined Benefit OPEB Plans

	June 30, 2019	Net	June 30, 2020	Primary Government		Component Unit
	Balance	Change	Balance	Governmental	Business - Type	
Deferred outflows of resources:						
Contributions after the measurement date	\$ 12,787,355	\$ (4,132,303)	\$ 8,655,052	\$ 7,476,322	\$ 918,917	\$ 259,813
Other difference	516,397	(93,847)	422,550	422,550	-	-
Net OPEB liability	96,491,025	(30,359,128)	66,131,897	56,230,764	7,718,745	2,182,388
Deferred inflow of resources	5,735,692	21,059,604	26,795,296	23,846,123	2,299,122	650,051
OPEB expense			\$ 3,581,678	\$ 3,034,537	\$ 426,541	\$ 120,600

DISCOUNT RATE

A single discount rate of 5.0% was used to measure the total OPEB liability of the three plans as of both June 30, 2019 and June 30, 2020. This single discount rate was based on the expected rate of return on System investments of 5.0%. 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.

8. Postemployment Benefits Other than Pensions, continued:

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following tables presents each Plan's net OPEB liability as of the most recent measurement dates. The net liability of the Police and Fire Plans is allocated to the Primary Government, 6.9% of the General Plan is allocated to Component Units, the rest to the Primary Government. The liability is calculated using a single discount rate of 5.0%, as well as what the Plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

General Other Post Employment Benefits Plan			Police Other Post Employment Benefits Plan			Fire Other Post Employment Benefits Plan		
June 30, 2020 Single Discount			June 30, 2020 Single Discount			June 30, 2020 Single Discount		
1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase
4.00%	5.00%	6.00%	4.00%	5.00%	6.00%	4.00%	5.00%	6.00%
\$ 20,687,383	\$ 18,768,553	\$ 16,980,589	\$ 10,369,154	\$ 7,162,727	\$ 4,222,785	\$ 8,954,822	\$ 7,271,065	\$ 5,704,058

June 30, 2019 Single Discount			June 30, 2019 Single Discount			June 30, 2019 Single Discount		
1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase
4.00%	5.00%	6.00%	4.00%	5.00%	6.00%	4.00%	5.00%	6.00%
\$ 34,187,236	\$ 31,598,221	\$ 29,187,521	\$ 24,606,047	\$ 20,390,729	\$ 16,522,332	\$ 16,236,504	\$ 14,142,947	\$ 12,187,418

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following table presents each Plan's net OPEB liability as of the most recent measurement dates. The net liability of the Police and Fire Plans is allocated to the Primary Government, 6.9% of the General Plan is allocated to Component Units, the rest to the Primary Government. The liability is calculated using each Plan's current healthcare cost trend rate assumption, as well as what the Plan's net OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower or 1-percentage-point higher:

General Other Post Employment Benefits Plan			Police Other Post Employment Benefits Plan			Fire Other Post Employment Benefits Plan		
June 30, 2020 Healthcare Cost			June 30, 2020 Healthcare Cost			June 30, 2020 Healthcare Cost		
Trend			Trend			Trend		
1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase
\$ 16,445,691	\$ 18,768,553	\$ 21,342,258	\$ 3,604,180	\$ 7,162,727	\$ 11,091,634	\$ 5,118,122	\$ 7,271,065	\$ 9,682,619

June 30, 2019 Healthcare Cost			June 30, 2019 Healthcare Cost			June 30, 2019 Healthcare Cost		
Trend			Trend			Trend		
1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase
\$ 28,455,803	\$ 31,598,221	\$ 35,085,671	\$ 15,656,797	\$ 20,390,729	\$ 25,635,682	\$ 11,418,199	\$ 14,142,947	\$ 17,196,779

8. Postemployment Benefits Other than Pensions, continued:

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:

	General Retiree Health Care Plan		Police Retiree Health Care Plan		Fire Retiree Health Care Plan	
Actuarial valuation date	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Actuarial assumptions:						
Investment rate of return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected salary increase:	3.25% - 7.41%	3.25% - 7.41%	4.25% - 20.25%	4.25% - 20.25%	4.25% - 20.25%	4.25% - 20.25%
Inflation rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Healthcare inflation rate -	8.4% grading to	8.5% grading to	8.4% grading to	8.5% grading to	8.4% grading to	8.5% grading to
Medical and drug	3.5% in 2029	3.25% in 2029	3.5% in 2029	3.25% in 2029	3.5% in 2029	3.25% in 2029
Dental and vision	3.5% in all years	3.25% in all years	3.5% in all years	3.25% in all years	3.5% in all years	3.25% in all years

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

For the year ended June 30, 2020 the City recognized OPEB expense of \$3,581,678. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	General Retiree Health Care Plan		Police Retiree Health Care Plan		Fire Retiree Health Care Plan	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 6,362,873	\$ 132,421	\$ 6,607,099	\$ 290,129	\$ 4,099,657
Change in assumptions	-	2,960,132	-	3,371,859	-	2,191,690
Net difference between projected and actual earnings on OPEB plan investments	-	88,908	-	703,482	-	409,596
Contributions subsequent to the measurement date	3,761,766	-	2,786,728	-	2,106,558	-
Total	\$ 3,761,766	\$ 9,411,913	\$ 2,919,149	\$ 10,682,440	\$ 2,396,687	\$ 6,700,943

8. Postemployment Benefits Other than Pensions, continued:

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors are amortized over a closed period equal to the average of the expected remaining period of service for all plan members. Those time periods are 7.0 years for Police, 7.2 years for Fire and 8.1 years for the General Plan. The differences between projected and actual investment earnings are amortized over five years. The \$8,655,052 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, 2021. 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:

Year ended June 30,	2021	2022	2023	2024	2025	Thereafter
for General employee OPEB	\$ (1,401,236)	\$ (1,401,234)	\$ (1,311,447)	\$ (1,289,687)	\$ (1,321,461)	\$ (2,686,848)
for Police employee OPEB	(2,086,620)	(2,086,618)	(1,702,911)	(1,566,600)	(1,683,004)	(1,424,266)
for Fire employee OPEB	(1,194,620)	(1,194,619)	(970,583)	(880,142)	(966,860)	(1,203,990)
Total effect on future OPEB expense	<u>\$ (4,682,476)</u>	<u>\$ (4,682,471)</u>	<u>\$ (3,984,941)</u>	<u>\$ (3,736,429)</u>	<u>\$ (3,971,325)</u>	<u>\$ (5,315,104)</u>

The City of Grand Rapids has contracted with the Municipal Employees' Retirement System of Lansing Michigan to administer a 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 12 for more details.

9. Inter-fund Receivables, Payables and Transfers

Inter-fund receivables and payables at June 30, 2020 represent temporary cash flow assistance from the General Fund and are as follows:

Fund	Primary Reason for Receivable/Payable	Interfund Receivables	Interfund Payable
General Fund	Unreimbursed payroll for fiduciary fund employees	\$ 64,520	\$ -
Fiduciary	Accrued payroll	-	68,283
Fiduciary	Timing difference due to different year end	3,763	-
		<u>\$ 68,283</u>	<u>\$ 68,283</u>

There is a long-term advance between the General Fund and the Parking System for \$1,030,000 at June 30, 2020. This is the balance due to the General Fund for the transfer of ownership of the Government Center Ramp to the Parking System.

9. Inter-fund Receivables, Payables and Transfers, continued:

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 inter-fund transfers. Inter-fund transfers for the year ended June 30, 2020, were as follows:

<u>Fund Type</u>	<u>Fund</u>	<u>Primary Reason for the Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:	General	Support from other funds and loan repayment	\$ 2,866,231	\$ -
		Debt service, support of Parks, Dispatch, & other funds	-	13,759,671
	Major Streets	General Fund support & transfers from Local Streets	1,235,844	-
		Project support & support of Local Street Fund	-	10,030,360
	Local Streets	Support from Major Streets Fund	3,771,027	-
		Project support & transfers to Major Street Fund	-	91,445
	Streets Capital	Project support from other funds	44,607	-
	Vital Streets Capital	Project support from Major and Local Street Funds	6,125,976	-
		Major Street Fund support	-	229,508
	General Capital	Project support from other funds	355,000	-
		Debt service and support to other funds	-	3,743,536
	Non-major Governmental	Debt service paid by various funds	3,157,150	-
		Support from General and other funds	12,025,943	-
Debt service and project support		-	3,256,223	
Enterprise Funds:	Water Supply System	Projects from General Fund and Capital Reserve Fund	134,775	-
		Support for the Development Service Center	-	20,783
	Sewage Disposal System	Internal property transfer from General Fund	437,432	-
	Parking System	Support to Parks and Rec for events	-	140,376
	Non-Major Proprietary	General Fund & other funds support of cemetery operation	791,727	-
		Cemetery support of perpetual care	-	106,520
	Facilities Management	Project support to Capital Improvement Fund	-	88,750
	Motor Equipment	Funding from Capital Reserve for fire apparatus	612,660	-
		Project support to Capital Improvement Fund	-	88,750
Engineering	Support of the Development Service Center	-	2,450	
			<u>\$ 31,558,372</u>	<u>\$ 31,558,372</u>

10. Tax Abatements

As of June 30, 2020, the City of Grand Rapids provided the following tax abatements in accordance with Statement No. 77, as required by the Governmental Accounting Standards Board:

	Industrial Facilities Exemption	Obsolete Property Rehabilitation Exemption	New Personal Property Exemption
1) Purpose of Program	Encourages investment in the renovation and expansion of aging facilities, building of new facilities, and establishment of high tech facilities.	Encourages investment in the significant renovation and/or rehabilitation of obsolete buildings for commercial use.	Encourages investment in new personal property as a component of a business expansion or attraction project.
2) Tax being abated	Real and/or personal property tax	Real property tax	Personal property tax
3) Authority under which abatement agreements are entered into	Public Act 198 of 1974, as amended; MCL 207.551 <i>et seq.</i> and City Commission Policy 900-09	Public Act 146 of 2000, as amended, MCL 125.2781 <i>et seq.</i> and City Commission Policy 900-42	Public Act 328 of 1998, as amended, MCL 211.9f and City Commission Policy 900-38
4) Criteria to be eligible to receive abatement	Applicant 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.	Property must be functionally obsolete as determined by the City Assessor as defined in the legislation. 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.	Must be an eligible business which is a business primarily engaged in manufacturing, mining, research and development, wholesale trade, or office operations.
5) How recipients' taxes are reduced	<p><u>New Facilities</u>: the taxable value generated by the eligible investment at the qualifying property is placed on the Industrial Facilities Tax Roll, and the millages levied are 50% of <i>ad valorem</i> millage rates, except for that millage levied for the State Education Tax which is not reduced.</p> <p><u>Replacement Facilities</u>: the taxable value of the replacement facility is set ("frozen") at the taxable value of the qualifying property for the tax year immediately preceding the effective date of the exemption.</p>	The taxable value of the qualifying property is set ("frozen") 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.	The eligible personal property that is placed in the service after the date of approval by the City Commission is exempt from all personal property taxes.

10. Tax Abatements, continued:

	Industrial Facilities Exemption - continued	Obsolete Property Rehabilitation Exemption - continued	New Personal Property Exemption - continued
6) How amount of abatement is determined	<p><u>New Facilities</u>: the amount of the abatement is equal to the qualifying taxable value applied to the reduction in the total millage rate levied on the Industrial Facilities Tax roll.</p> <p><u>Replacement Facilities</u>: the amount of the abatement is 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.</p>	<p>The amount of the abatement is equal to the exempted mills applied to the amount of the taxable value created by investment in the project.</p>	<p>As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement.</p>
7) Provisions for recapturing abated taxes	<p>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 entities) an amount equal to amount of the taxes abated, if it does not meet the job creation or private investment estimates contained in their application.</p>	<p>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 entities) an amount equal to amount of the taxes abated, if it does not meet the job creation or private investment estimates contained in their application.</p>	<p>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 entities) an amount equal to amount of the taxes abated, if it does not meet the job creation or private investment estimates contained in their application.</p>
8) Types of commitments made by the City other than to reduce taxes	N/A	N/A	N/A
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements	2019: \$122,167	2019: \$105,823	2019: \$243,815

10. Tax Abatements, continued:

	Neighborhood Enterprise Zone Exemption	Brownfield Redevelopment Program	Renaissance Zones
1) Purpose of Program	Encourages investment in the construction or rehabilitation of multiple types of housing for both homeownership and rental.	Encourages investment in the revitalization, redevelopment, and reuse of certain properties considered contaminated, blighted, functionally obsolete, or historic resources.	Encourages new job creation and investment in commercial or industrial property in areas formerly included in geographic based renaissance zones.
2) Tax being abated	Real property tax	Real and/or personal property tax	Real and/or personal property tax, and income taxes
3) Authority under which abatement agreements are entered into	Public Act 147 of 1992, as amended, MCL 207.771 <i>et seq.</i> and City Commission Policy 900-45	Public Act 381 of 1996, as amended; MCL 125.2651 <i>et seq.</i>	Public Act 376 of 1996, as amended; MCL 125.2681 <i>et seq.</i> and City Commission Policy 900-48
4) Criteria to be eligible to receive abatement	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. A new construction project must include rental apartments, contain retail space on the first floor, and be located in a Downtown Revitalization District.	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 has designated the entire City as an eligible Brownfield District.	Property must be located in an existing geographic renaissance zone and are proposing to undertake a project at the property, which involves private investments and creates jobs.
5) How recipients' taxes are reduced	<u>New Facilities</u> : the rate of taxation of a new facility is equal to ½ of the average rate of taxation levied on commercial, industrial, and utility property in the State in the immediately preceding calendar year. <u>Rehabilitation Facility</u> : the taxable value is set ("frozen") at that value established in the year immediately preceding the effective date of the NEZ exemption for a property.	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 real and personal property taxes are abated for a period of up to 15-years. The abatement is 100% of the above taxes, with a three year phase in of taxes in 25% increments for the final three years of a zone designation.

10. Tax Abatements, continued:

	Neighborhood Enterprise Zone Exemption - continued	Brownfield Redevelopment Program - continued	Renaissance Zones - continued
6) How amount of abatement is determined	<p><u>New Facility</u>: the amount of the abatement is equal to the taxable value of the qualifying property applied to the millage rate that is the difference between the NEZ millage rate and the ad valorem millage rate.</p> <p><u>Rehabilitation Facility</u>: the amount of the abatement is 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.</p>	<p>In this case, the taxes are not reduced, but are used to reimburse for certain eligible activity costs. 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.</p>	<p>As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement. 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.</p>
7) Provisions for recapturing abated taxes	N/A	<p>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.</p>	N/A
8) Types of commitments made by the City other than to reduce taxes	N/A	<p>From time to time, the City and/or the Brownfield Redevelopment Authority participate in a project by making investments in public infrastructure surrounding a project.</p>	N/A
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements	2019: \$115,516	2019: \$1,600,095	2019: \$119,559

10. Tax Abatements, continued:

	Tool and Die Recovery Renaissance Zones	Payment in Lieu of Taxes	Air & Water Pollution Control
1) Purpose of Program	Encourages investment by tool and die companies in their facilities and equipment acquisitions, and encourages collaboration among tool and die companies to help them retain existing jobs, and strengthen the companies to make them more competitive in the global market.	Encourages 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.	Encourages establishment of facilities whose sole purpose is to control and/or dispose of environmental pollutants.
2) Tax being abated	Real and/or personal property tax, and income taxes	Real property tax	Real and/or personal property tax; sales taxes.
3) Authority under which abatement agreements are entered into	Public Act 376 of 1996, as amended; MCL 125.2681 <u>et seq.</u>	Public Act 346 of 1966, as amended, MCL 5125.1415a <u>et seq.</u> , and local ordinance (Article 5, Chapter 9 of the City Code).	Public Act 451 of 1994, as amended, MCL 324.5901 <u>et seq.</u> (Air Pollution) and MCL 324.3701 <u>et seq.</u> (Water Pollution).
4) Criteria to be eligible to receive abatement	Applicants must be part of a collaboration of tool and die companies and apply to participate in the program.	Must be a housing project that meets all of the following criteria: (1) projects which are financed with a Federally-aided or State Housing Development Authority-aided mortgage or with an advance or grant from such Authority; 2) projects which serve lower-income families, elderly, and/or handicapped; and (3) projects which 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.	Facilities must be designed and operate primarily for the purpose of controlling and/or disposing of air pollutants and/or industrial waste from water.
5) How recipients' taxes are reduced	The real and personal property taxes are abated for a period of up to 15-years. The abatement is 100% of the above taxes, with a three year phase in of taxes in 25% increments for the final three years of a zone designation.	100% of ad valorem property taxes on the qualified property are exempted; a service fee is assessed in lieu of the taxes.	100% of the property and sales taxes on the qualifying property are exempted

10. Tax Abatements, continued:

	Tool and Die Recovery Renaissance Zones - continued	Payment in Lieu of Taxes - continued	Air & Water Pollution Control - continued
6) How amount of abatement is determined	As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement. 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.	The housing project is exempt from ad valorem property taxes. The service fee charged is equal to 4% of annual shelter rent. Emergency shelters and transitional housing for the homeless are not assessed a service charge in lieu of property taxes.	As the eligible property is exempt from taxes, the full amount of taxes that would have been paid is the amount of the abatement.
7) Provisions for recapturing abated taxes	N/A	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.	N/A
8) Types of commitments made by the City other than to reduce taxes	N/A	N/A	N/A (City of Grand Rapids does not approve this abatement; rather, it is approved directly by the State Tax Commission and an exemption certificate is forwarded to the City)
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreements	2019: \$3,882	2019: \$945,804	2019: \$10,395

11. Commitments, Contingencies, Related Party Transactions and Subsequent Events

1. 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.
2. 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.
3. 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.
4. Commitments—The cities of Grand Rapids and Wyoming 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%, and \$17,675,000, at an interest rate of 2.5%, provided by the State of Michigan Water Pollution Control Revolving Fund. At June 30, 2020 the outstanding liability was \$17,100,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2020, Grand Rapids' portion of the liability was 67.06%. For fiscal year 2021, it is budgeted at 65.84%.
5. Conduit debt—The City sometimes issues certain limited-obligation revenue bonds for the express purpose of providing capital financing for specific third parties. These debt issues are not an obligation of the City and therefore are not reported as such. The outstanding amount of conduit debt at June 30, 2020 was \$ 178,553,620.
6. Operating Leases—The City entered into a lease agreement with Kent County in October 1998, whereby the City leases part of the new courthouse facility from the County. The lease is scheduled to expire in fiscal year 2026, and includes operation and maintenance fees. Lease payments to the County for fiscal year 2020 were \$2,950,377.53. Total future lease payments are as follows:

Year ending June 30,	Outstanding Lease Due
2021	2,888,281
2022	2,812,460
2023	2,782,647
2024	2,785,024
2025-2026	5,495,025

7. Lease Receivable – The City entered into a lease agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The Museum leases the Museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50 year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the Public Museum. In accordance with the lease agreement, the City also retains a reversionary interest in the Museum's inventory and petty cash, valued at \$75,262 and \$15,500 respectively, at June 30, 2020. 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.

11. Commitments, Contingencies, Related Party Transactions and Subsequent Events, continued:

8. Lease Receivable – On March 30, 2010, the City acquired a building located at 1120 Monroe Avenue, NW. The building and improvements as of June 30, 2020 total \$4,255,170. The accumulated depreciation at year end is \$1,030,624. The City leases parts of the building to various tenants with terms extending into FY2021. The total lease revenue for FY2020 was \$197,773. The aggregate amount of future minimum lease payments receivable for each of the succeeding fiscal years is as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Receipts</u>
2021	138,440
2022	<u>66,201</u>
Total	<u>\$ 204,641</u>

9. Subsequent Event – On November 18, 2020 the Grand Rapids Building Authority issued General Obligation Limited Tax Refunding Bonds Series 2020A (Tax Exempt) and Series 2020B (Federally Taxable) in the amounts of \$5,805,000 with interest rates ranging from 4%-5% and \$11,050,000 with interest rates ranging from 0.35% to 2.25%, respectively, with maturities at varying amounts from October 2021 to 2039. The net proceeds of \$17,768,867 (including premium of \$1,082,417 less underwriter’s discount of \$168,550) were used for issue costs of the bonds, and deposited into an escrow fund for the redemption of \$1,770,000 of Series 2010A, \$4,925,000 of Series 2010C, \$1,905,000 of Series 2010B and \$8,525,000 of Series 2011 bonds. The net present value savings is \$2,296,258. The net carrying value of the old debt exceeded the reacquisition price by \$2,070,120 which will be amortized over the life of the refunding bonds.
10. Subsequent Event - On August 28, 2020 the City of Grand Rapids received \$1,441,891 from the Coronavirus Relief Local Governments Grant (CRLGG) program offered by the Michigan State Treasury. Additionally, on September 18, 2020 the City of Grand Rapids received \$5,000,000 from the Public Safety and Public Health Payroll Reimbursement (PSPHPR) program, also offered by the Michigan State Treasury. Both the CRLGG and PSPHPR program funds were received for the reimbursement of expenditures incurred by the City through its response to the COVID-19 pandemic. Many of the expenditures reimbursed through these programs were incurred during the City’s 2020 fiscal year. Passed through the State of Michigan Treasury, funding for these programs was provided from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) through the U.S. Coronavirus Relief Fund. The CARES Act provides assistance for State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak.

12. Deferred Compensation Plans

In 2011, the City created the City of Grand Rapids Defined Contribution (CGRDC) Plan for most newly hired full-time, non-uniformed 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. This 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% of pay with a 100% match by the employer. Contribution requirements are specified in labor agreements covering each employee group and may be changed during the collective bargaining process. Five year cliff-vesting applies to the employer contributions. During the fiscal year ended June 30, 2020 employee contributions were \$1,753,492 and the employer contributions were \$1,753,492 to this Plan. At June 30, 2020, the plan had 507 active and 74 terminated participants. The fair market value of plan assets was \$13.623.653.

12. Deferred Compensation Plans, continued:

The City also maintains the Officer's Option Plan, a defined contribution contributory savings plan created in accordance with IRC Section 401(a) administered by ICMA-RC and is offered to executive and appointed employees. The plan was established and may be amended by city ordinance. Participants with 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%, optional contributions of 1 - 3%, and employer contributions of 12% of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. At June 30, 2020, there were 15 active and 22 terminated plan participants with a total fair market value of plan assets for both active and retired participants of approximately \$10,665,548. Contributions made by employees and the City totaled \$133,120 and \$156,011 respectively, for the fiscal year ended June 30, 2020.

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 and rights of each individual participant. At June 30, 2020, the total market value of plan assets was approximately \$95,531,760. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets increased \$2,429,833 for the year ended June 30, 2020. 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 that are not covered by one of the City's defined benefit retiree health care plans described in Note 8 are enrolled in an agent multi-employer defined contribution post-employment health care program which is administered by the Municipal Employees' Retirement System of Michigan. This program is defined in the Internal Revenue Code Section 115 as a Governmental Integral Part Trust. After six months of employment, bi-weekly 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 bi-weekly 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 bi-weekly, which will vest after an eight or ten 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, 2020, 944 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2020, regular contributions made by employees and the employer totaled \$857,544 and \$1,549,107 respectively. As the current participants in the defined benefit retiree health care plans described in Note 8 reach age 65, this defined contribution savings program will become the primary, and eventually the City's only retiree health care plan.

13. Prior Period Adjustment:

In April of 2020, a fixed asset was identified as being recorded in the Tax Increment Financing Authority's list of fixed assets, however, it was determined that it should have been recorded as an asset of the City when originally capitalized. A correction was made to properly account for this fixed asset in both the governmental activities and the component unit through a prior period adjustment as detailed below.

	<u>Government Wide</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Component Units</u>	<u>Tax Increment Financing Authority</u>
Net Position as reported at June 30, 2019	\$ 173,532,131	\$ 22,091,195	\$ 3,343,257
Transfer of asset	3,820,324	(3,820,324)	(3,820,324)
Transfer of accumulated depreciation	(2,315,256)	2,315,256	2,315,256
Net Position, as restated	<u>\$ 175,037,199</u>	<u>\$ 20,586,127</u>	<u>\$ 1,838,189</u>

14. Upcoming New Pronouncements:

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

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

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

14. Upcoming New Pronouncements, continued:

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

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

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.



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Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
General Fund
for the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 14,599,981	\$ 14,599,981	\$ 14,794,146	\$ 194,165
City income taxes	88,870,704	88,870,704	86,781,692	(2,089,012)
State shared taxes	18,779,166	18,779,166	18,506,822	(272,344)
Licenses and permits	2,803,328	2,803,328	2,446,429	(356,899)
Fines and forfeitures	2,152,000	2,152,000	1,787,125	(364,875)
State grants	1,247,007	1,321,643	1,460,123	138,480
Other grants and contributions	127,000	218,900	237,418	18,518
Charges for services	16,661,265	17,211,265	13,043,716	(4,167,549)
Investment earnings	1,132,128	1,132,128	2,693,604	1,561,476
Miscellaneous	289,597	289,597	103,767	(185,830)
Total revenues	<u>146,662,176</u>	<u>147,378,712</u>	<u>141,854,842</u>	<u>(5,523,870)</u>
Expenditures:				
Current:				
General government	34,508,320	35,064,038	33,127,012	1,937,026
Public safety	88,476,014	89,218,663	86,193,608	3,025,055
Public works	6,075,859	6,852,419	6,216,170	636,249
Urban and community development	5,920,879	6,498,379	5,475,475	1,022,904
Debt service:				
Principal	55,786	55,786	55,786	-
Interest and paying agent fees	4,472	4,472	2,481	1,991
Total expenditures	<u>135,041,330</u>	<u>137,693,757</u>	<u>131,070,532</u>	<u>6,623,225</u>
Excess of revenues over expenditures	<u>11,620,846</u>	<u>9,684,955</u>	<u>10,784,310</u>	<u>1,099,355</u>
Other financing sources (uses):				
Budgeted appropriation lapse for the fund	4,300,000	4,300,000	-	(4,300,000)
Contingencies	(1,500,000)	(276,774)	-	276,774
Transfers in	4,134,056	4,651,556	2,866,231	(1,785,325)
Transfers out	(15,590,447)	(17,009,078)	(13,759,671)	3,249,407
Sale of capital assets	-	1,329,280	1,329,280	-
Total other financing uses	<u>(8,656,391)</u>	<u>(7,005,016)</u>	<u>(9,564,160)</u>	<u>(2,559,144)</u>
Net change in fund balances	2,964,455	2,679,939	1,220,150	(1,459,789)
Fund balances - beginning	62,972,198	62,972,198	62,972,198	-
Current year change in inventory levels	-	-	(21,375)	(21,375)
Fund balances - ending	<u>\$ 65,936,653</u>	<u>\$ 65,652,137</u>	<u>\$ 64,170,973</u>	<u>\$ (1,481,164)</u>

Note: Both budgets and actual figures are prepared in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Streets
for the year ended June 30, 2020

	Major Streets				Local Streets			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
Revenues:								
City income taxes	\$ 11,994,504	\$ 11,994,504	\$ 11,714,152	\$ (280,352)	\$ -	\$ -	-	\$ -
State shared taxes	16,859,982	16,859,982	17,714,548	854,566	5,619,994	5,619,994	4,755,062	(864,932)
Federal grants	480,000	480,000	489,224	9,224	-	-	-	-
Other grants & contributions	-	-	28,629	28,629	-	-	-	-
Charges for services	2,185,988	2,185,988	2,585,677	399,689	815,364	815,364	517,128	(298,236)
Investment earnings	321,023	321,023	683,600	362,577	13,600	13,600	25,843	12,243
Miscellaneous	60,500	60,500	56,005	(4,495)	20,000	20,000	23,169	3,169
Total revenues	<u>31,901,997</u>	<u>31,901,997</u>	<u>33,271,835</u>	<u>1,369,838</u>	<u>6,468,958</u>	<u>6,468,958</u>	<u>5,321,202</u>	<u>(1,147,756)</u>
Expenditures:								
Current:								
Public works	13,971,106	13,471,106	12,207,750	1,263,356	5,254,559	5,754,559	4,645,174	1,109,385
Debt service:								
Principal	2,045,000	2,045,000	2,045,000	-	-	-	-	-
Interest and paying agent fees	1,092,200	1,092,700	1,091,410	1,290	-	-	-	-
Capital outlay:	<u>6,368,649</u>	<u>3,676,678</u>	<u>4,253,036</u>	<u>(576,358)</u>	<u>2,107,149</u>	<u>5,132,149</u>	<u>4,153,015</u>	<u>979,134</u>
Total expenditures	<u>23,476,955</u>	<u>20,285,484</u>	<u>19,597,196</u>	<u>688,288</u>	<u>7,361,708</u>	<u>10,886,708</u>	<u>8,798,189</u>	<u>2,088,519</u>
Excess (deficit) of revenues over expenditures	<u>8,425,042</u>	<u>11,616,513</u>	<u>13,674,639</u>	<u>2,058,126</u>	<u>(892,750)</u>	<u>(4,417,750)</u>	<u>(3,476,987)</u>	<u>940,763</u>
Other financing sources (uses):								
Budgeted appropriation lapse for the fund	535,840	535,840	-	(535,840)	142,790	142,790	-	(142,790)
Transfers in	2,274,891	1,474,891	1,235,844	(239,047)	1,190,000	4,990,000	3,771,027	(1,218,973)
Transfers out	<u>(5,576,476)</u>	<u>(11,209,333)</u>	<u>(10,030,360)</u>	<u>1,178,973</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(91,445)</u>	<u>308,555</u>
Total other financing sources (uses)	<u>(2,765,745)</u>	<u>(9,198,602)</u>	<u>(8,794,516)</u>	<u>404,086</u>	<u>932,790</u>	<u>4,732,790</u>	<u>3,679,582</u>	<u>(1,053,208)</u>
Net change in fund balances	5,659,297	2,417,911	4,880,123	2,462,212	40,040	315,040	202,595	(112,445)
Fund balances - beginning	17,893,527	17,893,527	17,893,527	-	1,417,502	1,417,502	1,417,502	-
Current year change in inventory levels	-	-	112,053	112,053	-	-	-	-
Fund balances - ending	<u>\$ 23,552,824</u>	<u>\$ 20,311,438</u>	<u>\$ 22,885,703</u>	<u>\$ 2,574,265</u>	<u>\$ 1,457,542</u>	<u>\$ 1,732,542</u>	<u>\$ 1,620,097</u>	<u>\$ (112,445)</u>

Note: Both budgets and actual figures are prepared in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Defined Benefit Pension Plan - Police and Fire Employees

for the City's fiscal year ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service cost	\$ 9,071,101	\$ 8,780,168	\$ 8,723,494	\$ 8,588,314	\$ 7,482,069	\$ 7,794,219
Interest on the total pension liability	37,279,003	35,724,491	34,356,315	32,676,161	29,375,231	28,440,421
Changes of benefit terms	-	-	-	114,084	-	-
Difference between expected and actual experience	2,068,208	4,658,725	3,265,534	7,264,098	16,663,107	2,978,624
Changes of assumptions	-	-	5,497,995	1,551,086	35,683,769	-
Benefit payments	(27,511,480)	(27,117,475)	(24,794,055)	(29,338,856)	(32,070,933)	(21,079,038)
Refunds of contributions	(219,197)	(286,684)	(19,080)	(21,606)	(11,369)	(24,749)
Net change in total pension liability	<u>20,687,635</u>	<u>21,759,225</u>	<u>27,030,203</u>	<u>20,833,281</u>	<u>57,121,874</u>	<u>18,109,477</u>
Total pension liability - beginning	<u>530,714,452</u>	<u>508,955,227</u>	<u>481,925,024</u>	<u>461,091,743</u>	<u>403,969,869</u>	<u>385,860,392</u>
Total pension liability - ending (a)	<u>\$ 551,402,087</u>	<u>\$ 530,714,452</u>	<u>\$ 508,955,227</u>	<u>\$ 481,925,024</u>	<u>\$ 461,091,743</u>	<u>\$ 403,969,869</u>
Plan fiduciary net position						
Contributions - employer	\$ 9,672,074	\$ 9,421,305	\$ 8,911,489	\$ 7,166,351	\$ 5,630,297	\$ 6,331,848
Contributions - employee	5,832,668	5,313,127	5,114,841	4,929,842	4,557,165	4,563,692
Net investment income	71,134,823	(24,672,147)	53,740,592	25,712,944	(9,083,712)	29,390,902
Benefit payments	(27,511,480)	(27,117,475)	(24,794,055)	(29,338,856)	(32,070,933)	(21,079,038)
Refunds of contributions	(219,197)	(286,684)	(19,080)	(21,606)	(11,369)	(24,749)
Administrative expenses	(592,306)	(602,512)	(580,690)	(542,277)	(581,364)	(523,607)
Other	(44,775)	(45,967)	(2)	-	-	(15,065)
Net change in plan fiduciary net position	<u>58,271,807</u>	<u>(37,990,353)</u>	<u>42,373,095</u>	<u>7,906,398</u>	<u>(31,559,916)</u>	<u>18,643,983</u>
Plan fiduciary net position - beginning	<u>387,555,682</u>	<u>425,546,035</u>	<u>383,172,940</u>	<u>375,266,542</u>	<u>406,826,458</u>	<u>388,182,475</u>
Plan fiduciary net position - ending (b)	<u>\$ 445,827,489</u>	<u>\$ 387,555,682</u>	<u>\$ 425,546,035</u>	<u>\$ 383,172,940</u>	<u>\$ 375,266,542</u>	<u>\$ 406,826,458</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 105,574,598</u>	<u>\$ 143,158,770</u>	<u>\$ 83,409,192</u>	<u>\$ 98,752,084</u>	<u>\$ 85,825,201</u>	<u>\$ (2,856,589)</u>
Plan fiduciary net position as a percentage of the total pension asset	80.9%	73.0%	83.6%	79.5%	81.4%	100.7%
Covered payroll	\$ 39,566,105	\$ 38,122,879	\$ 38,919,488	\$ 38,129,771	\$ 36,827,593	\$ 35,710,964
Net pension liability (asset) as a percentage of covered payroll	266.8%	375.5%	214.3%	259.0%	233.0%	-8.0%

Notes to schedule:

An additional year will be added to the schedule each year until ten years are presented.

Amounts presented for each fiscal year are determined based on a measurement date of December 31 of the prior year.

Changes of assumptions: In 2018 the assumed rate of return was reduced to from 7.25% to 7.15%. In 2017 the future wage inflation assumption was reduced. In 2016 there was a reduction in the assumed rate of return from 7.50% to 7.25%, the adoption of a new mortality table and updated demographic assumptions for retirement and withdrawal patterns.

Required Supplementary Information

City of Grand Rapids, Michigan Schedule of City Contributions * Police and Fire Retirement System

<i>for the City's fiscal year ending June 30,</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 9,735,689	\$ 9,597,846	\$ 9,086,586	\$ 8,861,774	\$ 5,364,049	\$ 5,807,941	\$ 6,831,550
Actual contribution	<u>9,735,689</u>	<u>9,597,846</u>	<u>9,086,586</u>	<u>8,861,774</u>	<u>5,364,049</u>	<u>5,807,941</u>	<u>6,831,550</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 39,020,793	\$ 38,720,147	\$ 38,405,325	\$ 37,012,523	\$ 36,402,336	\$ 35,561,982	\$ 35,690,502
Actual Contribution as a Percentage of Covered Payroll	25.0%	24.8%	23.7%	23.9%	14.7%	16.3%	19.1%

Notes to Schedules

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, eighteen months prior to the end of the fiscal year when contributions are reported.

Methods and assumptions used to determine contributions rates for fiscal year 2020:

Actuarial cost method	Individual entry age, normal.
Amortization method	Level percent of payroll, closed.
Remaining amortization period	Multiple periods (27-30 years as of December 31, 2018)
Asset valuation method	5-year smoothed market.
Projected salary increases	3.25% - 20.25% including inflation.
Inflation assumptions	3.25% wage - 2.50% price inflation
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% simple escalator for eligible police retirees. A 1.5% simple escalator for eligible firefighters.
Investment rate of return	7.15% compounded annually. (7.25% for fiscal year 2017 and 7.5% for contribution periods prior to fiscal year 2017)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the years 2010 through 2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 Mortality Improvement Scale as of December 31, 2015. (Prior valuations used the 1983 Group Annuity Male and Female mortality tables with modifications.)

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

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Defined Benefit Pension Plan - General Employees

for the City's fiscal year ended June 30,

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 4,657,970	\$ 5,016,826	\$ 5,161,510	\$ 5,546,388	\$ 6,348,067	\$ 6,904,650	\$ 7,294,537
Interest on the total pension liability	36,626,148	36,420,065	36,025,286	35,127,721	33,287,484	33,394,709	32,920,147
Changes of benefit terms	-	-	-	-	20,882	-	-
Difference between expected and actual experience	(2,877,132)	(2,335,969)	(971,718)	6,361,929	10,083,648	(7,420,169)	(6,012,166)
Changes of assumptions	7,963,218	5,213,623	(1,495,183)	-	29,733,502	-	-
Benefit payments	(34,016,875)	(34,286,124)	(31,894,361)	(36,708,883)	(39,570,343)	(28,055,439)	(27,037,516)
Refunds of contributions	(41,616)	(109,451)	(114,697)	(208,843)	(283,087)	(152,273)	(114,916)
Net change in total pension liability	<u>12,311,713</u>	<u>9,918,970</u>	<u>6,710,837</u>	<u>10,118,312</u>	<u>39,620,153</u>	<u>4,671,478</u>	<u>7,050,086</u>
Total pension liability - beginning	<u>526,954,073</u>	<u>517,035,103</u>	<u>510,324,266</u>	<u>500,205,954</u>	<u>460,585,801</u>	<u>455,914,323</u>	<u>448,864,237</u>
Total pension liability - ending (a)	<u>\$ 539,265,786</u>	<u>\$ 526,954,073</u>	<u>\$ 517,035,103</u>	<u>\$ 510,324,266</u>	<u>\$ 500,205,954</u>	<u>\$ 460,585,801</u>	<u>\$ 455,914,323</u>
Plan fiduciary net position							
Contributions - employer	\$ 12,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions - employee	2,677,960	2,832,479	3,012,472	3,428,169	3,473,382	3,737,014	3,933,341
Net investment income	21,371,497	29,177,311	38,296,115	289,104	11,478,680	65,337,996	44,058,818
Benefit payments	(34,016,875)	(34,286,124)	(31,894,361)	(36,708,883)	(39,570,343)	(28,055,439)	(27,037,516)
Refunds of contributions	(41,616)	(109,451)	(114,697)	(208,843)	(283,087)	(152,273)	(114,916)
Administrative expenses	(596,090)	(556,142)	(558,024)	(568,895)	(567,869)	(523,086)	(476,059)
Other	-	-	-	-	-	(21,741)	(15,873)
Net change in plan fiduciary net position	<u>2,315,141</u>	<u>7,731,107</u>	<u>18,979,043</u>	<u>(24,474,244)</u>	<u>(14,141,533)</u>	<u>49,093,503</u>	<u>28,483,638</u>
Plan fiduciary net position - beginning	<u>416,899,911</u>	<u>409,168,804</u>	<u>390,189,761</u>	<u>414,664,005</u>	<u>428,805,538</u>	<u>379,712,035</u>	<u>351,228,397</u>
Plan fiduciary net position - ending (b)	<u>\$ 419,215,052</u>	<u>\$ 416,899,911</u>	<u>\$ 409,168,804</u>	<u>\$ 390,189,761</u>	<u>\$ 414,664,005</u>	<u>\$ 428,805,538</u>	<u>\$ 379,712,035</u>
Net pension liability - ending (a) - (b)	<u>\$ 120,050,734</u>	<u>\$ 110,054,162</u>	<u>\$ 107,866,299</u>	<u>\$ 120,134,505</u>	<u>\$ 85,541,949</u>	<u>\$ 31,780,263</u>	<u>\$ 76,202,288</u>
Plan fiduciary net position as a percentage of the total pension liability	77.7%	79.1%	79.1%	76.5%	91.9%	93.1%	83.3%
Covered payroll	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
Net pension liability as a percentage of covered payroll	404.3%	355.6%	320.6%	335.9%	222.2%	78.4%	174.0%

Notes to schedule:

An additional year will be added to the schedule each year until ten years are presented.

Amounts presented for each fiscal year are determined based on a measurement date of June 30 of the prior year.

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

Required Supplementary Information

**City of Grand Rapids, Michigan
Schedule of City Contributions *
General Retirement System**

<i>for the City's fiscal year ending June 30,</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 10,325,243	\$ 9,920,265	\$ 10,673,034	\$ 10,237,538	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Actual contribution	<u>11,325,243</u>	<u>12,920,265</u>	<u>10,673,034</u>	<u>10,237,538</u>	<u>9,295,104</u>	<u>11,327,704</u>	<u>8,771,032</u>	<u>8,135,843</u>
Contribution Deficiency (Excess)	<u>\$ (1,000,000)</u>	<u>\$ (3,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 28,873,053	\$ 29,695,997	\$ 30,949,968	\$ 33,647,390	\$ 35,760,078	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
Actual Contribution as a Percentage of Covered Payroll	39.2%	43.5%	34.5%	30.4%	26.0%	29.4%	21.7%	18.6%

Notes to Schedules

Valuation date:

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

Methods and assumptions used to determine contributions rates for fiscal year 2020:

Actuarial cost method	Individual entry age, normal.
Amortization method	Level dollar, closed.
Remaining amortization period	Multiple periods (27-30 years as of June 30, 2018)
Asset valuation method	5-year smoothed market.
Projected salary increases	3.25% - 7.45% including inflation.
Inflation assumptions	3.25% - No explicit price inflation assumption is used in this valuation.
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. Eligible retirees receive a 1.0% simple escalator beginning 4 to 6 years after retirement.
Investment rate of return	7.15% compounded annually. (7.25% for fiscal year 2018 and 7.5% for fiscal year 2017 and prior contribution periods)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the years 2010 through 2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 Mortality Improvement Scale. (Prior valuations used the 1983 Group Annuity Male and Female mortality tables with modifications.)
Significant changes to the plan	In 2014 the plan was closed to all new entrants. Current members continue to accrue future benefits.

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

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net OPEB Liability and Related Ratios *
Defined Benefit OPEB Plan - General Employees

for the plan fiscal year ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 625,532	\$ 902,797	\$ 1,068,634	\$ 1,081,550
Interest on the total OPEB liability	2,171,878	2,660,640	2,729,890	2,815,223
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(12,678,006)	(6,625,742)	(685,529)	(72,851)
Changes of assumptions	1,000,494	(3,375,513)	-	-
Benefit payments, net of retiree premiums	<u>(2,749,260)</u>	<u>(3,648,296)</u>	<u>(5,181,856)</u>	<u>(5,866,434)</u>
Net change in total OPEB liability	(11,629,362)	(10,086,114)	(2,068,861)	(2,042,512)
Total OPEB liability - beginning	<u>44,499,431</u>	<u>54,585,545</u>	<u>56,654,406</u>	<u>58,696,918</u>
Total OPEB liability - ending (a)	<u>\$ 32,870,069</u>	<u>\$ 44,499,431</u>	<u>\$ 54,585,545</u>	<u>\$ 56,654,406</u>
Plan fiduciary net position				
Contributions - employer	\$ 3,761,766	\$ 5,742,193	\$ 5,510,302	\$ 5,068,952
Contributions - employee	-	-	-	479,082
OPEB plan net investment income	370,640	382,690	604,119	907,367
Benefit payments, net of retiree premiums	(2,749,260)	(3,648,296)	(5,181,856)	(5,866,434)
OPEB plan administrative expenses	<u>(182,840)</u>	<u>(161,545)</u>	<u>(177,180)</u>	<u>(172,119)</u>
Net change in plan fiduciary net position	1,200,306	2,315,042	755,385	416,848
Plan fiduciary net position - beginning	<u>12,901,210</u>	<u>10,586,168</u>	<u>9,830,783</u>	<u>9,413,935</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,101,516</u>	<u>\$ 12,901,210</u>	<u>\$ 10,586,168</u>	<u>\$ 9,830,783</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 18,768,553</u>	<u>\$ 31,598,221</u>	<u>\$ 43,999,377</u>	<u>\$ 46,823,623</u>
Plan fiduciary net position as a percentage of the total OPEB liability	42.9%	29.0%	19.4%	17.4%
Covered payroll	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Net pension liability as a percentage of covered payroll	33.1%	58.1%	86.0%	96.7%

Notes to schedule:

*An additional year will be added to the schedule each year until ten years are presented.

Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date one year later.

Changes of assumptions: 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 trend rate related to the plan fiscal year 2020, this will be reflected in the City's fiscal year 2021.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net OPEB Liability and Related Ratios*
Defined Benefit OPEB Plan - Police Employees

for the plan fiscal year ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 804,671	\$ 1,238,893	\$ 1,486,702	\$ 1,590,303
Interest on the total OPEB liability	2,813,960	3,201,058	3,188,792	3,056,154
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(14,875,348)	(5,847,660)	(2,242,917)	246,949
Changes of assumptions	1,586,120	(3,931,708)	-	-
Benefit payments, net of retiree premiums	<u>(2,170,815)</u>	<u>(2,200,071)</u>	<u>(1,926,606)</u>	<u>(2,451,085)</u>
Net change in total OPEB liability	(11,841,412)	(7,539,488)	505,971	2,442,321
Total OPEB liability - beginning	<u>56,962,269</u>	<u>64,501,757</u>	<u>63,995,786</u>	<u>61,553,465</u>
Total OPEB liability - ending (a)	<u>\$ 45,120,857</u>	<u>\$ 56,962,269</u>	<u>\$ 64,501,757</u>	<u>\$ 63,995,786</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,786,728	\$ 4,099,293	\$ 4,251,612	\$ 4,319,030
Contributions - employee	-	-	-	256,022
OPEB plan net investment income	944,532	1,064,305	2,300,896	3,173,248
Benefit payments, net of retiree premiums	(2,170,815)	(2,200,071)	(1,926,606)	(2,451,085)
OPEB plan administrative expenses	<u>(173,855)</u>	<u>(142,446)</u>	<u>(143,142)</u>	<u>(123,462)</u>
Net change in plan fiduciary net position	1,386,590	2,821,081	4,482,760	5,173,753
Plan fiduciary net position - beginning	<u>36,571,540</u>	<u>33,750,459</u>	<u>29,267,699</u>	<u>24,093,946</u>
Plan fiduciary net position - ending (b)	<u>\$ 37,958,130</u>	<u>\$ 36,571,540</u>	<u>\$ 33,750,459</u>	<u>\$ 29,267,699</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 7,162,727</u>	<u>\$ 20,390,729</u>	<u>\$ 30,751,298</u>	<u>\$ 34,728,087</u>
Plan fiduciary net position as a percentage of the total OPEB liability	84.1%	64.2%	52.3%	45.7%
Covered payroll	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Net pension liability as a percentage of covered payroll	27.9%	79.7%	124.4%	142.5%

Notes to schedule:

*An additional year will be added to the schedule each year until ten years are presented.

Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date one year later.

Changes of assumptions: 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 trend rate related to the plan fiscal year 2020, this will be reflected in the City's fiscal year 2021.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net OPEB Liability and Related Ratios *
Defined Benefit OPEB Plan - Fire Employees

for the plan fiscal year ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 758,192	\$ 1,105,487	\$ 1,292,792	\$ 1,282,061
Interest on the total OPEB liability	1,683,852	2,018,137	1,956,635	1,905,021
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(7,774,257)	(4,759,934)	289,730	129,028
Changes of assumptions	916,082	(2,544,676)	-	-
Benefit payments, net of retiree premiums	<u>(2,487,966)</u>	<u>(2,174,165)</u>	<u>(2,256,796)</u>	<u>(2,321,577)</u>
Net change in total OPEB liability	(6,904,097)	(6,355,151)	1,282,361	994,533
Total OPEB liability - beginning	<u>34,541,918</u>	<u>40,897,069</u>	<u>39,614,708</u>	<u>38,620,175</u>
Total OPEB liability - ending (a)	<u>\$ 27,637,821</u>	<u>\$ 34,541,918</u>	<u>\$ 40,897,069</u>	<u>\$ 39,614,708</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,106,558	\$ 2,945,869	\$ 2,999,906	\$ 3,143,699
Contributions - employee	-	-	-	187,749
OPEB plan net investment income	487,782	586,976	1,327,855	1,864,124
Benefit payments, net of retiree premiums	(2,487,966)	(2,174,165)	(2,256,796)	(2,321,577)
OPEB plan administrative expenses	<u>(138,589)</u>	<u>(116,428)</u>	<u>(111,952)</u>	<u>(100,096)</u>
Net change in plan fiduciary net position	(32,215)	1,242,252	1,959,013	2,773,899
Plan fiduciary net position - beginning	<u>20,398,971</u>	<u>19,156,719</u>	<u>17,197,706</u>	<u>14,423,807</u>
Plan fiduciary net position - ending (b)	<u>\$ 20,366,756</u>	<u>\$ 20,398,971</u>	<u>\$ 19,156,719</u>	<u>\$ 17,197,706</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 7,271,065</u>	<u>\$ 14,142,947</u>	<u>\$ 21,740,350</u>	<u>\$ 22,417,002</u>
Plan fiduciary net position as a percentage of the total OPEB liability	73.7%	59.1%	46.8%	43.4%
Covered payroll	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Net pension liability as a percentage of covered payroll	43.8%	86.9%	138.7%	145.5%

Notes to schedule:

*An additional year will be added to the schedule each year until ten years are presented.

Changes shown above for the OPEB plan fiscal year are reflected in the GASB 75 measurement date one year later.

Changes of assumptions: 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 trend rate related to the plan fiscal year 2020, this will be reflected in the City's fiscal year 2021.

Required Supplementary Information

City of Grand Rapids, Michigan Schedules of City Contributions *

General OPEB plan

for the City's fiscal year ending June 30,

	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 3,421,489	\$ 5,288,487	\$ 5,328,910	\$ 5,071,594
Actual contribution	<u>3,761,766</u>	<u>5,742,193</u>	<u>5,510,302</u>	<u>5,068,952</u>
Contribution Deficiency (Excess)	<u>\$ (340,277)</u>	<u>\$ (453,706)</u>	<u>\$ (181,392)</u>	<u>\$ 2,642</u>
Covered Payroll	\$ 56,663,231	\$ 54,394,629	\$ 51,145,356	\$ 48,397,770
Actual Contribution as a Percentage of Covered Payroll	6.6%	10.6%	10.8%	10.5%

Police OPEB plan

for the City's fiscal year ending June 30,

	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 2,648,182	\$ 3,841,765	\$ 4,207,504	\$ 4,192,648
Actual contribution	<u>2,786,728</u>	<u>4,099,293</u>	<u>4,251,612</u>	<u>4,319,030</u>
Contribution Deficiency (Excess)	<u>\$ (138,546)</u>	<u>\$ (257,528)</u>	<u>\$ (44,108)</u>	<u>\$ (126,382)</u>
Covered Payroll	\$ 25,716,075	\$ 25,571,833	\$ 24,711,919	\$ 24,371,065
Actual Contribution as a Percentage of Covered Payroll	10.8%	16.0%	17.2%	17.7%

Fire OPEB plan

for the City's fiscal year ending June 30,

	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 2,033,496	\$ 2,863,499	\$ 2,907,020	\$ 3,036,781
Actual contribution	<u>2,106,558</u>	<u>2,945,869</u>	<u>2,999,906</u>	<u>3,143,699</u>
Contribution Deficiency (Excess)	<u>\$ (73,062)</u>	<u>\$ (82,370)</u>	<u>\$ (92,886)</u>	<u>\$ (106,918)</u>
Covered Payroll	\$ 16,593,930	\$ 16,283,919	\$ 15,678,337	\$ 15,410,482
Actual Contribution as a Percentage of Covered Payroll	12.7%	18.1%	19.1%	20.4%

Valuation date:

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

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Individual entry age, Normal cost.
Amortization method	Level dollar, closed.
Remaining amortization period	20 years (General), 20 years (Police), 22 years (Fire).
Asset valuation method	Market value of assets.
Inflation	No explicit price inflation assumption is used.
Health care trend rates	8.5% trend for the first three years, then gradually decreasing to 3.25% in year 11.
Projected salary increases	3.25% - 20.25%, including inflation
Investment rate of return	5.0% net of OPEB plan investment expense, including inflation.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Non-disabled retirees: RP-2014 Healthy Annuitant Mortality Table projected to 2019 using the MP-2014 mortality improvement scale Disabled retirees: RP-2014 Disabled Retirees Mortality Table projected to 2019 using the MP-2014 mortality improvement scale

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

Required Supplementary Information

**City of Grand Rapids, Michigan
Schedules of Investment Returns
Defined Benefit Retiree Health Care Plans***

<i>for the City's fiscal year ending June 30,</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-weighted rate of return, net of investment expenses for the following plans:				
General Retiree Health Care Plan	2.34%	2.93%	5.73%	10.33%
Police Retiree Health Care Plan	2.33%	2.81%	7.31%	12.99%
Fire Retiree Health Care Plan	2.17%	2.74%	7.22%	12.99%

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

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
General Operating Fund Expenditures

for the year ended June 30, 2020

<u>Department</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative) *</u>
General Government - Fiscal and Administrative:				
Executive Office and City Commission	\$ 2,943,294	\$ 3,068,294	\$ 3,054,355	\$ 13,939
Comptroller's Office	2,681,403	2,717,403	2,412,162	305,241
Fiscal Services	7,119,035	7,199,035	6,741,580	457,455
Clerk's Office	2,250,072	2,351,298	2,393,195	(41,897) *
Technology and Change Management	254,296	254,296	224,062	30,234
Treasury	2,365,068	2,365,068	2,190,692	174,376
Attorney's Office	2,890,482	2,890,482	2,829,388	61,094
Human Resources	3,100,907	3,100,907	2,862,652	238,255
Administrative Services Support	795,705	842,605	819,135	23,470
Other general government	<u>10,108,058</u>	<u>10,274,650</u>	<u>9,599,791</u>	<u>674,859</u>
Total General Government	34,508,320	35,064,038	33,127,012	1,937,026
Public safety:				
Police	56,200,108	57,004,021	54,492,815	2,511,206
Fire	<u>32,275,906</u>	<u>32,214,642</u>	<u>31,700,793</u>	<u>513,849</u>
Total Public Safety	88,476,014	89,218,663	86,193,608	3,025,055
Public Works:				
Enterprise Services	<u>6,075,859</u>	<u>6,852,419</u>	<u>6,216,170</u>	<u>636,249</u>
Total Public Works	6,075,859	6,852,419	6,216,170	636,249
Urban development:				
Community Development	3,552,750	3,820,250	3,352,166	468,084
Design, Development and Comm. Engagement	<u>2,368,129</u>	<u>2,678,129</u>	<u>2,123,309</u>	<u>554,820</u>
Total Urban Development	5,920,879	6,498,379	5,475,475	1,022,904
Non-departmental:				
Budgeted appropriation lapse	(4,300,000)	(4,300,000)	-	(4,300,000)
Contingencies	1,500,000	276,774	-	276,774
Debt service	60,258	60,258	58,267	1,991
Transfers to other funds	<u>15,590,447</u>	<u>17,009,078</u>	<u>13,759,671</u>	<u>3,249,407</u>
Total non-departmental	<u>12,850,705</u>	<u>13,046,110</u>	<u>13,817,938</u>	<u>(771,828)</u>
Total charges to appropriations	<u>\$ 147,831,777</u>	<u>\$ 150,679,609</u>	<u>\$ 144,830,203</u>	<u>\$ 5,849,406</u>

* The legal level of budgetary control is the department level. This department had expenditures in excess of appropriations.

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds									
	Library	Refuse	Parks & Recreation	Trans- formation	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	MI Indigent Defense Commission
ASSETS										
Equity in pooled cash and investments	\$ 7,774,744	\$ 5,710,847	\$ 5,548,844	\$ 397,076	\$ 2,865,231	\$ 190,815	\$ 636,449	\$ 1,008,905	\$ 8,057,726	\$ 95,166
Receivables, net	41,693	223,266	28,450	2,183	-	613	2,945	3,643	522,463	569
Due from other governmental units	-	-	-	-	564,980	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 7,816,437</u>	<u>\$ 5,934,113</u>	<u>\$ 5,577,294</u>	<u>\$ 399,259</u>	<u>\$ 3,430,211</u>	<u>\$ 191,428</u>	<u>\$ 639,394</u>	<u>\$ 1,012,548</u>	<u>\$ 8,580,189</u>	<u>\$ 95,735</u>
LIABILITIES										
Vouchers and accounts payable	\$ 197,055	\$ 321,037	\$ 724,009	\$ -	\$ 490,176	\$ -	\$ 41,482	\$ 43,042	\$ 22,264	\$ 23,485
Unearned revenues	-	-	-	-	1,227,665	-	-	-	-	-
Customer deposits	-	1,157,171	2,291	-	6,000	-	-	-	-	-
Total liabilities	<u>197,055</u>	<u>1,478,208</u>	<u>726,300</u>	<u>-</u>	<u>1,723,841</u>	<u>-</u>	<u>41,482</u>	<u>43,042</u>	<u>22,264</u>	<u>23,485</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues	-	189,105	-	-	-	-	-	-	491,782	-
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	-	-
Nonexpendable Trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Public safety	-	-	-	-	-	191,428	-	-	-	-
Urban and community development	-	-	-	-	1,706,370	-	-	358,233	-	-
Culture and recreation	416,506	-	2,960	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	399,259	-	-	-	100,000	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
General Government	-	-	-	-	-	-	-	-	-	72,250
Culture and recreation	6,659,596	-	4,501,421	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	-	7,756,269	-
Public works	-	3,951,343	-	-	-	-	582,578	-	-	-
Ensuing budget year	-	-	-	-	-	-	-	507,989	-	-
Compensated absences	529,010	315,457	346,613	-	-	-	15,334	3,284	309,874	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>7,619,382</u>	<u>4,266,800</u>	<u>4,850,994</u>	<u>399,259</u>	<u>1,706,370</u>	<u>191,428</u>	<u>597,912</u>	<u>969,506</u>	<u>8,066,143</u>	<u>72,250</u>
Total liabilities and fund balances	<u>\$ 7,816,437</u>	<u>\$ 5,934,113</u>	<u>\$ 5,577,294</u>	<u>\$ 399,259</u>	<u>\$ 3,430,211</u>	<u>\$ 191,428</u>	<u>\$ 639,394</u>	<u>\$ 1,012,548</u>	<u>\$ 8,580,189</u>	<u>\$ 95,735</u>

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds						Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds	
	Sidewalk Repair	Community Dispatch	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Business Improvement District	Grand Rapids Building Authority		Cemeteries Perpetual Care
ASSETS										
Equity in pooled cash and investments	\$ 1,269,179	\$ 1,708,335	\$ 881,011	\$ 166,992	\$ 560,194	\$ 993,631	\$ 43,652	\$ 1,597,792	\$ 4,495,487	\$ 44,002,076
Receivables, net	366,775	525,757	6,777	2,587	37,191	4,726	257	-	2,757	1,772,652
Due from other governmental units	-	-	-	-	-	-	-	-	-	564,980
Inventories	-	-	-	-	-	-	-	-	17,410	17,410
Total assets	<u>\$ 1,635,954</u>	<u>\$ 2,234,092</u>	<u>\$ 887,788</u>	<u>\$ 169,579</u>	<u>\$ 597,385</u>	<u>\$ 998,357</u>	<u>\$ 43,909</u>	<u>\$ 1,597,792</u>	<u>\$ 4,515,654</u>	<u>\$ 46,357,118</u>
LIABILITIES										
Vouchers and accounts payable	\$ 338,442	\$ 634	\$ 1,611	\$ -	\$ 52,266	\$ 122,101	\$ 9,515	\$ -	\$ -	\$ 2,387,119
Unearned revenues	-	-	-	-	-	-	-	-	-	1,227,665
Customer deposits	-	-	-	-	-	-	-	-	-	1,165,462
Total liabilities	<u>338,442</u>	<u>634</u>	<u>1,611</u>	<u>-</u>	<u>52,266</u>	<u>122,101</u>	<u>9,515</u>	<u>-</u>	<u>-</u>	<u>4,780,246</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues	7,702	-	-	-	14,479	-	-	-	2,758	705,826
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	17,410	17,410
Nonexpendable Trust principal	-	-	-	-	-	-	-	-	3,024,437	3,038,707
Restricted:										
Public safety	-	-	886,177	-	-	-	-	-	-	1,077,605
Urban and community development	-	-	-	-	-	876,256	34,394	-	-	2,975,253
Culture and recreation	-	-	-	113,307	-	-	-	-	-	532,773
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	499,259
Other purposes	-	-	-	-	-	-	-	-	1,471,049	1,471,049
Assigned:										
General Government	-	-	-	-	-	-	-	-	-	72,250
Culture and recreation	-	-	-	56,272	-	-	-	-	-	11,217,289
Public safety	-	1,909,868	-	-	-	-	-	-	-	1,909,868
Urban and community development	-	-	-	-	79,869	-	-	-	-	7,836,138
Public works	1,251,587	-	-	-	-	-	-	-	-	5,785,508
Ensnuing budget year	-	-	-	-	441,139	-	-	-	-	949,128
Compensated absences	38,223	323,590	-	-	9,632	-	-	-	-	1,891,017
Other purposes	-	-	-	-	-	-	-	1,597,792	-	1,597,792
Total fund balance	<u>1,289,810</u>	<u>2,233,458</u>	<u>886,177</u>	<u>169,579</u>	<u>530,640</u>	<u>876,256</u>	<u>34,394</u>	<u>1,597,792</u>	<u>4,512,896</u>	<u>40,871,046</u>
Total liabilities and fund balances	<u>\$ 1,635,954</u>	<u>\$ 2,234,092</u>	<u>\$ 887,788</u>	<u>\$ 169,579</u>	<u>\$ 597,385</u>	<u>\$ 998,357</u>	<u>\$ 43,909</u>	<u>\$ 1,597,792</u>	<u>\$ 4,515,654</u>	<u>\$ 46,357,118</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2020

Special Revenue Funds

	Library	Refuse	Parks & Recreation	Trans-formation	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	MI Indigent Defense Commission
Revenues:										
Property taxes	\$ 10,998,926	\$ 7,322,683	\$ 4,331,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City income taxes	-	-	-	-	-	-	-	-	-	-
State shared taxes	-	-	-	-	27,565	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	4,140,868	-
Federal grants	74,631	-	-	-	7,572,158	-	-	-	-	-
State grants	267,690	99,516	59,492	-	-	47,541	-	-	-	265,683
Other grants and contributions	388,055	-	175,096	-	1,719,976	-	-	-	-	-
Charges for services	89,756	7,148,808	584,411	-	685,123	-	635,698	11,233	301,323	164,644
Fines and forfeitures	76,121	-	-	-	-	-	-	-	-	-
Property sales	-	-	-	-	-	-	-	80,437	-	-
Investment earnings	553,182	433,064	325,259	3,931	7,656	7,858	29,859	45,693	401,950	8,452
Miscellaneous	79	10,688	27,182	-	1,772	-	2,079	-	20	-
Total revenues	12,448,440	15,014,759	5,502,695	3,931	10,014,250	55,399	667,636	137,363	4,844,161	438,779
Expenditures:										
Current:										
General government	-	-	-	-	378,641	-	-	-	-	366,529
Public safety	-	-	-	-	1,408,174	29,355	-	-	-	-
Public works	-	15,204,044	-	-	-	-	582,041	-	-	-
Culture and recreation	9,928,212	-	11,748,107	-	282,288	-	-	-	-	-
Urban and community development	-	-	-	-	7,552,523	-	-	223,647	4,846,983	-
Debt service:										
Principal	-	-	-	-	-	-	-	30,428	-	-
Interest and paying agent fees	-	-	-	-	-	-	-	12,470	-	-
Capital outlay	487,198	18,954	42,923	-	-	-	-	-	-	-
Total expenditures	10,415,410	15,222,998	11,791,030	-	9,621,626	29,355	582,041	266,545	4,846,983	366,529
Excess (deficiency) of revenues over expenditures	2,033,030	(208,239)	(6,288,335)	3,931	392,624	26,044	85,595	(129,182)	(2,822)	72,250
Other financing sources (uses):										
Transfers in	-	-	7,213,986	-	1,146,355	-	-	-	66,858	-
Transfers out	-	(736,962)	(244,800)	(517,500)	(1,368,688)	-	(109,067)	-	(25,113)	-
Face value of refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(736,962)	6,969,186	(517,500)	(222,333)	-	(109,067)	-	41,745	-
Net change in fund balances	2,033,030	(945,201)	680,851	(513,569)	170,291	26,044	(23,472)	(129,182)	38,923	72,250
Fund balances - beginning	5,586,352	5,212,001	4,170,143	912,828	1,536,079	165,384	621,384	1,098,688	8,027,220	-
Fund balances - ending	\$ 7,619,382	\$ 4,266,800	\$ 4,850,994	\$ 399,259	\$ 1,706,370	\$ 191,428	\$ 597,912	\$ 969,506	\$ 8,066,143	\$ 72,250

City of Grand Rapids, Michigan
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2020

	Special Revenue Funds						Debt Service Fund	Permanent Fund	Total	
	Sidewalk Repair	Community Dispatch	Drug Law Enforcement	General	Economic Development	Downtown	Business	Grand Rapids Building Authority	Cemeteries Perpetual Care	Nonmajor Governmental Funds
				Special Revenue		Improvement District	Improvement District			
Revenues:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,652,864
City income taxes	2,230,918	-	-	-	-	-	-	-	-	2,230,918
State shared taxes	-	-	-	-	-	-	-	-	-	27,565
Licenses and permits	30,491	-	-	-	-	-	-	-	-	4,171,359
Federal grants	-	-	85,568	-	-	-	-	-	-	7,732,357
State grants	-	-	-	-	-	-	-	-	-	739,922
Other grants and contributions	-	2,176,338	-	2,600	-	-	-	-	-	4,462,065
Charges for services	18,287	-	228,488	-	100,765	1,120,854	109,788	1,863,602	27,271	13,090,051
Fines and forfeitures	-	-	-	-	-	-	-	-	-	76,121
Property sales	-	-	-	-	-	-	-	-	-	80,437
Investment earnings	53,721	98,395	36,170	7,320	33,748	62,172	3,345	14,338	131,429	2,257,542
Miscellaneous	-	-	28,246	783	5,843	-	-	48,640	-	125,332
Total revenues	<u>2,333,417</u>	<u>2,274,733</u>	<u>378,472</u>	<u>10,703</u>	<u>140,356</u>	<u>1,183,026</u>	<u>113,133</u>	<u>1,926,580</u>	<u>158,700</u>	<u>57,646,533</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	745,170
Public safety	-	5,443,275	662,724	-	-	-	-	-	-	7,543,528
Public works	2,157,348	-	-	-	-	-	-	-	-	17,943,433
Culture and recreation	-	-	-	2,717	-	-	-	-	-	21,961,324
Urban and community development	-	-	-	-	658,179	1,209,760	92,579	-	-	14,583,671
Debt service:										
Principal	-	-	-	-	-	-	-	3,970,000	-	4,000,428
Interest and paying agent fees	-	-	-	-	-	-	-	1,625,372	-	1,637,842
Capital outlay	-	-	-	-	-	-	-	-	-	549,075
Total expenditures	<u>2,157,348</u>	<u>5,443,275</u>	<u>662,724</u>	<u>2,717</u>	<u>658,179</u>	<u>1,209,760</u>	<u>92,579</u>	<u>5,595,372</u>	<u>-</u>	<u>68,964,471</u>
Excess (deficiency) of revenues over expenditures	176,069	(3,168,542)	(284,252)	7,986	(517,823)	(26,734)	20,554	(3,668,792)	158,700	(11,317,938)
Other financing sources (uses):										
Transfers in	-	3,207,224	-	-	285,000	-	-	3,157,150	106,520	15,183,093
Transfers out	(64,891)	(92,475)	-	-	-	-	-	-	(96,727)	(3,256,223)
Face value of refunding bonds issued	-	-	-	-	-	-	-	18,735,000	-	18,735,000
Premium on refunding bonds	-	-	-	-	-	-	-	1,492,494	-	1,492,494
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(19,867,377)	-	(19,867,377)
Total other financing sources (uses)	<u>(64,891)</u>	<u>3,114,749</u>	<u>-</u>	<u>-</u>	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>3,517,267</u>	<u>9,793</u>	<u>12,286,987</u>
Net change in fund balances	111,178	(53,793)	(284,252)	7,986	(232,823)	(26,734)	20,554	(151,525)	168,493	969,049
Fund balances - beginning	<u>1,178,632</u>	<u>2,287,251</u>	<u>1,170,429</u>	<u>161,593</u>	<u>763,463</u>	<u>902,990</u>	<u>13,840</u>	<u>1,749,317</u>	<u>4,344,403</u>	<u>39,901,997</u>
Fund balances - ending	<u>\$ 1,289,810</u>	<u>\$ 2,233,458</u>	<u>\$ 886,177</u>	<u>\$ 169,579</u>	<u>\$ 530,640</u>	<u>\$ 876,256</u>	<u>\$ 34,394</u>	<u>\$ 1,597,792</u>	<u>\$ 4,512,896</u>	<u>\$ 40,871,046</u>

City of Grand Rapids
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual
Nonmajor Governmental Funds-Special Revenue
for the year ended June 30, 2020

	Budget (unaudited)				Actual					Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net		
Library	\$ 13,135,207	\$ 12,677,256	\$ (50,000)	\$ 407,951	\$ 12,448,440	\$ 10,415,410	\$ -	\$ 2,033,030	\$ 1,625,079	
Refuse	14,364,729	15,860,977	(386,962)	(1,883,210)	15,014,759	15,222,998	(736,962)	(945,201)	938,009	
Grants	26,979,986	25,995,144	(309,376)	675,466	10,014,250	9,621,626	(222,333)	170,291	(505,175)	
Michigan Justice Training	58,439	55,000	-	3,439	55,399	29,355	-	26,044	22,605	
Vehicle Storage Facility	830,835	674,476	(153,140)	3,219	667,636	582,041	(109,067)	(23,472)	(26,691)	
Parks & Recreation	5,358,050	14,362,754	7,069,185	(1,935,519)	5,502,695	11,791,030	6,969,186	680,851	2,616,370	
Property Management	346,985	554,314	-	(207,329)	137,363	266,545	-	(129,182)	78,147	
Building Inspections	4,745,518	5,106,899	10,118	(351,263)	4,844,161	4,846,983	41,745	38,923	390,186	
MI Indigent Defense	482,500	482,500	-	-	438,779	366,529	-	72,250	72,250	
Sidewalk Repair	2,334,217	2,261,929	(64,891)	7,397	2,333,417	2,157,348	(64,891)	111,178	103,781	
Community Dispatch Transformation	2,442,380	5,858,356	3,239,749	(176,227)	2,274,733	5,443,275	3,114,749	(53,793)	122,434	
Drug Law Enforcement	-	-	(517,500)	(517,500)	3,931	-	(517,500)	(513,569)	3,931	
Drug Law Enforcement	750,287	939,853	-	(189,566)	378,472	662,724	-	(284,252)	(94,686)	
General Special Revenue	10,447	10,400	-	47	10,703	2,717	-	7,986	7,939	
Economic Development	60,755	662,854	285,000	(317,099)	140,356	658,179	285,000	(232,823)	84,276	
Downtown Improvement District	1,205,103	1,381,749	-	(176,646)	1,183,026	1,209,760	-	(26,734)	149,912	
Business Improvement District	124,182	135,250	-	(11,068)	113,133	92,579	-	20,554	31,622	
Total	\$ 73,229,620	\$ 87,019,711	\$ 9,122,183	\$ (4,667,908)	\$ 55,561,253	\$ 63,369,099	\$ 8,759,927	\$ 952,081	\$ 5,619,989	

Note: Both budgeted and actual figures are prepared in conformity with generally accepted accounting principles.

City of Grand Rapids, Michigan
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,465,511	\$ 821,679	\$ 2,287,190
Receivables, net	49,594	18,730	68,324
Inventory	1,179	-	1,179
Total current assets	<u>1,516,284</u>	<u>840,409</u>	<u>2,356,693</u>
Noncurrent assets:			
Other assets	230,563	-	230,563
Capital assets:			
Non-depreciable	5,255	-	5,255
Depreciable	4,230,828	4,297,879	8,528,707
Less accumulated depreciation	<u>(1,629,947)</u>	<u>(3,415,180)</u>	<u>(5,045,127)</u>
Total noncurrent assets	<u>2,836,699</u>	<u>882,699</u>	<u>3,719,398</u>
Total assets	<u>4,352,983</u>	<u>1,723,108</u>	<u>6,076,091</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	125,667	-	125,667
Deferred outflows related to OPEB	18,906	-	18,906
Total deferred outflows of resources	<u>144,573</u>	<u>-</u>	<u>144,573</u>
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	96,721	81,646	178,367
Unearned revenues	4,730	-	4,730
Current portion of compensated absences	34,298	-	34,298
Total current liabilities	<u>135,749</u>	<u>81,646</u>	<u>217,395</u>
Noncurrent liabilities (net of portion due within 1 year):			
Compensated absences	33,530	-	33,530
Net pension liability	619,308	-	619,308
Net OPEB liability	158,805	-	158,805
Total noncurrent liabilities	<u>811,643</u>	<u>-</u>	<u>811,643</u>
Total liabilities	<u>947,392</u>	<u>81,646</u>	<u>1,029,038</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	10,799	-	10,799
Deferred inflows related to OPEB	47,302	-	47,302
Total deferred inflows of resources	<u>58,101</u>	<u>-</u>	<u>58,101</u>
NET POSITION			
Net investment in capital assets	2,606,136	882,699	3,488,835
Unrestricted	885,927	758,763	1,644,690
Total net position	<u>\$ 3,492,063</u>	<u>\$ 1,641,462</u>	<u>\$ 5,133,525</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
for the year ended June 30, 2020

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 1,021,979	\$ 651,314	\$ 1,673,293
Sales	<u>324,202</u>	<u>44,950</u>	<u>369,152</u>
Total operating revenues	<u>1,346,181</u>	<u>696,264</u>	<u>2,042,445</u>
Operating expenses:			
Personal services	1,003,462	241,190	1,244,652
Supplies and materials	114,382	17,260	131,642
Utilities	53,892	104,428	158,320
Contractual services	489,814	165,368	655,182
Other services and charges	339,031	78,396	417,427
Depreciation	<u>178,827</u>	<u>112,578</u>	<u>291,405</u>
Total operating expenses	<u>2,179,408</u>	<u>719,220</u>	<u>2,898,628</u>
Operating Loss	<u>(833,227)</u>	<u>(22,956)</u>	<u>(856,183)</u>
Nonoperating revenues:			
Interest earnings	<u>62,002</u>	<u>29,261</u>	<u>91,263</u>
Loss before transfers	(771,225)	6,305	(764,920)
Transfers in	791,727	-	791,727
Transfers out	<u>(106,520)</u>	<u>-</u>	<u>(106,520)</u>
Change in net position	(86,018)	6,305	(79,713)
Total net position - beginning	<u>3,578,081</u>	<u>1,635,157</u>	<u>5,213,238</u>
Total net position - ending	<u>\$ 3,492,063</u>	<u>\$ 1,641,462</u>	<u>\$ 5,133,525</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2020

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,370,596	\$ 710,568	\$ 2,081,164
Payments to suppliers	(997,261)	(380,518)	(1,377,779)
Payments to employees	(745,533)	(214,925)	(960,458)
Payments for payroll taxes and benefits	-	(26,265)	(26,265)
Net cash provided (used) by operating activities	<u>(372,198)</u>	<u>88,860</u>	<u>(283,338)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	791,727	-	791,727
Transfers to other funds	<u>(106,520)</u>	<u>-</u>	<u>(106,520)</u>
Net cash provided by noncapital financing activities	<u>685,207</u>	<u>-</u>	<u>685,207</u>
Cash flows from investing activities:			
Interest received	<u>62,003</u>	<u>29,260</u>	<u>91,263</u>
Net increase in equity in pooled cash and investments	375,012	118,120	493,132
Equity in pooled cash and investments, beginning	<u>1,090,499</u>	<u>703,559</u>	<u>1,794,058</u>
Equity in pooled cash and investments, ending	<u>\$ 1,465,511</u>	<u>\$ 821,679</u>	<u>\$ 2,287,190</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (833,227)	\$ (22,956)	\$ (856,183)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	178,827	112,578	291,405
Change in assets and liabilities:			
Decrease in accounts receivable	20,061	14,304	34,365
Decrease in inventory	4,354	-	4,354
Decrease in vouchers and accounts payable	(227)	(15,066)	(15,293)
Increase in other liabilities	85	-	85
Increase in deferred outflows related to pensions	(34,694)	-	(34,694)
Decrease in deferred outflows related to OPEB	2,086	-	2,086
Increase in deferred inflows related to pensions	3,162	-	3,162
Increase in deferred inflows related to OPEB	43,622	-	43,622
Increase in compensated absences	25,500	-	25,500
Increase in net pension liability	220,295	-	220,295
Decrease in net OPEB liability	<u>(2,042)</u>	<u>-</u>	<u>(2,042)</u>
Total adjustments	<u>461,029</u>	<u>111,816</u>	<u>572,845</u>
Net cash provided (used) by operating activities	<u>\$ (372,198)</u>	<u>\$ 88,860</u>	<u>\$ (283,338)</u>

City of Grand Rapids, Michigan
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 6,951,436	\$ 17,015,807	\$ 7,992,220	\$ 37,305,992	\$ 4,699,036	\$ 275,441	\$ 74,239,932
Receivables, net	24,191	59,733	605,629	299,057	127,835	516	1,116,961
Inventory	-	790,471	-	-	-	-	790,471
Restricted assets	-	-	-	5,032,655	-	-	5,032,655
Total current assets	<u>6,975,627</u>	<u>17,866,011</u>	<u>8,597,849</u>	<u>42,637,704</u>	<u>4,826,871</u>	<u>275,957</u>	<u>81,180,019</u>
Noncurrent assets:							
Capital assets:							
Non-depreciable	-	804,209	-	-	-	-	804,209
Depreciable	2,920,169	48,210,702	1,844,146	-	33,674	-	53,008,691
Less accumulated depreciation	(2,201,609)	(27,974,593)	(715,631)	-	(16,685)	-	(30,908,518)
Total noncurrent assets	<u>718,560</u>	<u>21,040,318</u>	<u>1,128,515</u>	<u>-</u>	<u>16,989</u>	<u>-</u>	<u>22,904,382</u>
Total assets	<u>7,694,187</u>	<u>38,906,329</u>	<u>9,726,364</u>	<u>42,637,704</u>	<u>4,843,860</u>	<u>275,957</u>	<u>104,084,401</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	59,299	745,331	374,454	201,217	966,625	333,471	2,680,397
Deferred outflows related to OPEB	8,921	112,086	56,344	30,283	145,498	50,154	403,286
Deferred on refunding of bonds	-	720	-	-	-	-	720
Total deferred outflows of resources	<u>68,220</u>	<u>858,137</u>	<u>430,798</u>	<u>231,500</u>	<u>1,112,123</u>	<u>383,625</u>	<u>3,084,403</u>
LIABILITIES							
Current liabilities:							
Vouchers and accounts payable	192,507	82,787	267,349	1,329,748	8,212	7,895	1,888,498
Accrued interest payable	-	261	-	-	-	-	261
Due to other governmental units	-	-	-	51,317	-	-	51,317
Unearned revenues	-	-	284,063	-	-	-	284,063
Current portion of claims payable	-	-	-	5,570,045	-	-	5,570,045
Current maturities of bonds, notes and contracts payable	-	5,263	-	-	-	-	5,263
Current portion of compensated absences	10,186	151,041	104,287	38,465	226,294	40,611	570,884
Total current liabilities	<u>202,693</u>	<u>239,352</u>	<u>655,699</u>	<u>6,989,575</u>	<u>234,506</u>	<u>48,506</u>	<u>8,370,331</u>
Noncurrent liabilities (net of current portion):							
Bonds payable	-	15,729	-	-	-	-	15,729
Claims payable	-	-	-	324,575	-	-	324,575
Compensated absences	9,959	147,661	101,954	37,605	221,231	39,702	558,112
Net pension liability	292,234	3,673,093	1,845,366	991,624	4,763,660	1,643,392	13,209,369
Net OPEB liability	74,934	941,500	473,281	254,374	1,222,160	421,288	3,387,537
Total noncurrent liabilities	<u>377,127</u>	<u>4,777,983</u>	<u>2,420,601</u>	<u>1,608,178</u>	<u>6,207,051</u>	<u>2,104,382</u>	<u>17,495,322</u>
Total liabilities	<u>579,820</u>	<u>5,017,335</u>	<u>3,076,300</u>	<u>8,597,753</u>	<u>6,441,557</u>	<u>2,152,888</u>	<u>25,865,653</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	5,096	64,050	32,179	17,292	83,067	28,657	230,341
Deferred inflows related to OPEB	22,320	280,437	140,973	75,768	364,035	125,486	1,009,019
Total deferred inflows of resources	<u>27,416</u>	<u>344,487</u>	<u>173,152</u>	<u>93,060</u>	<u>447,102</u>	<u>154,143</u>	<u>1,239,360</u>
NET POSITION							
Net investment in capital assets	718,560	21,020,046	1,128,515	-	16,989	-	22,884,110
Unrestricted	6,436,611	13,382,598	5,779,195	34,178,391	(949,665)	(1,647,449)	57,179,681
Total net position	<u>\$ 7,155,171</u>	<u>\$ 34,402,644</u>	<u>\$ 6,907,710</u>	<u>\$ 34,178,391</u>	<u>\$ (932,676)</u>	<u>\$ (1,647,449)</u>	<u>\$ 80,063,791</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
for the year ended June 30, 2020

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
Operating revenues:							
Charges for services	\$ 7,124,040	\$ 13,364,007	\$ 7,823,671	\$ 32,034,734	\$ 4,596,040	\$ 1,952,869	\$ 66,895,361
Sales	-	10,474	1,905	-	-	-	12,379
Miscellaneous	-	301,593	104,189	1,105,707	446	-	1,511,935
Total operating revenues	<u>7,124,040</u>	<u>13,676,074</u>	<u>7,929,765</u>	<u>33,140,441</u>	<u>4,596,486</u>	<u>1,952,869</u>	<u>68,419,675</u>
Operating expenses:							
Personal services	30,427	3,837,681	1,776,306	1,035,846	4,515,572	1,656,541	12,852,373
Supplies and materials	7,943	6,349,257	240,669	-	82,745	7,811	6,688,425
Utilities	-	4,016	2,831,745	-	-	-	2,835,761
Contractual services	2,464,003	26,890	12,736	1,230,329	126,371	157,804	4,018,133
Other services and charges	3,803,945	1,411,833	3,500,142	27,633,776	1,170,972	399,755	37,920,423
Depreciation	<u>419,604</u>	<u>3,686,363</u>	<u>80,055</u>	<u>-</u>	<u>3,372</u>	<u>-</u>	<u>4,189,394</u>
Total operating expenses	<u>6,725,922</u>	<u>15,316,040</u>	<u>8,441,653</u>	<u>29,899,951</u>	<u>5,899,032</u>	<u>2,221,911</u>	<u>68,504,509</u>
Operating income (loss)	<u>398,118</u>	<u>(1,639,966)</u>	<u>(511,888)</u>	<u>3,240,490</u>	<u>(1,302,546)</u>	<u>(269,042)</u>	<u>(84,834)</u>
Nonoperating revenues (expenses):							
Investment earnings	317,096	791,379	337,038	1,724,627	224,856	5,426	3,400,422
Gain (loss) on sale of capital assets	(2,139)	77,238	-	-	-	-	75,099
Interest expense and paying agent fees	-	(1,183)	-	-	-	-	(1,183)
Total nonoperating revenues (expenses)	<u>314,957</u>	<u>867,434</u>	<u>337,038</u>	<u>1,724,627</u>	<u>224,856</u>	<u>5,426</u>	<u>3,474,338</u>
Income (loss) before transfers	713,075	(772,532)	(174,850)	4,965,117	(1,077,690)	(263,616)	3,389,504
Capital contributions	-	25,777	-	-	-	-	25,777
Transfers in	-	612,660	-	-	-	-	612,660
Transfers out	-	(88,750)	(88,750)	-	(2,450)	-	(179,950)
Change in net position	713,075	(222,845)	(263,600)	4,965,117	(1,080,140)	(263,616)	3,847,991
Total net position - beginning	<u>6,442,096</u>	<u>34,625,489</u>	<u>7,171,310</u>	<u>29,213,274</u>	<u>147,464</u>	<u>(1,383,833)</u>	<u>76,215,800</u>
Total net position - ending	<u>\$ 7,155,171</u>	<u>\$ 34,402,644</u>	<u>\$ 6,907,710</u>	<u>\$ 34,178,391</u>	<u>\$ (932,676)</u>	<u>\$ (1,647,449)</u>	<u>\$ 80,063,791</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2020

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
Cash flows from operating activities:							
Receipts from customers	7,124,040	13,675,904	9,386,611	33,149,066	4,575,206	1,952,869	69,863,696
Payments to suppliers	(6,165,068)	(8,199,379)	(6,640,395)	(28,573,111)	(1,413,620)	(558,383)	(51,549,956)
Payments to employees	54,053	(2,575,734)	(1,006,595)	(1,020,267)	(2,450,675)	(837,899)	(7,837,117)
Payments for payroll taxes and benefits	(285,793)	(764,430)	(604,678)	126,688	(1,469,614)	(548,948)	(3,546,775)
Other operating revenues (expenses)	(289,118)	-	-	-	-	-	(289,118)
Net cash provided (used) by operating activities	<u>438,114</u>	<u>2,136,361</u>	<u>1,134,943</u>	<u>3,682,376</u>	<u>(758,703)</u>	<u>7,639</u>	<u>6,640,730</u>
Cash flows from noncapital financing activities:							
Transfers from other funds	-	612,660	-	-	-	-	612,660
Transfers to other funds	-	(88,750)	(88,750)	-	(2,450)	-	(179,950)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>523,910</u>	<u>(88,750)</u>	<u>-</u>	<u>(2,450)</u>	<u>-</u>	<u>432,710</u>
Cash flows from capital and related financing activities:							
Purchase of capital assets	-	(3,230,466)	(233,353)	-	-	-	(3,463,819)
Sale of capital assets	-	77,238	-	-	-	-	77,238
Principal paid on capital debt	-	(152,143)	-	-	-	-	(152,143)
Interest paid on capital debt	-	(2,892)	-	-	-	-	(2,892)
Net cash used by capital and related financing activities	<u>-</u>	<u>(3,308,263)</u>	<u>(233,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,541,616)</u>
Cash flows from investing activities:							
Interest received	<u>313,153</u>	<u>763,554</u>	<u>332,621</u>	<u>1,684,902</u>	<u>222,202</u>	<u>6,309</u>	<u>3,322,741</u>
Net increase (decrease) in equity in pooled cash and investments	751,267	115,562	1,145,461	5,367,278	(538,951)	13,948	6,854,565
Equity in pooled cash and investments - beginning of year	<u>6,200,169</u>	<u>16,900,245</u>	<u>6,846,759</u>	<u>36,971,369</u>	<u>5,237,987</u>	<u>261,493</u>	<u>72,418,022</u>
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$5,032,655 in Insurance Payment fund)	<u>6,951,436</u>	<u>17,015,807</u>	<u>7,992,220</u>	<u>42,338,647</u>	<u>4,699,036</u>	<u>275,441</u>	<u>79,272,587</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2020

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	398,118	(1,639,966)	(511,888)	3,240,490	(1,302,546)	(269,042)	(84,834)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	419,604	3,686,363	80,055	-	3,372	-	4,189,394
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	-	(170)	1,174,196	8,625	(21,280)	-	1,161,371
Decrease in inventory	-	110,572	-	-	-	-	110,572
Increase (decrease) in vouchers and accounts payable	(178,295)	(517,955)	(55,103)	281,628	(33,532)	6,987	(496,270)
Increase in due to other funds	-	-	-	9,366	-	-	9,366
Increase in unearned revenues	-	-	282,650	-	-	-	282,650
(Increase) decrease in deferred outflows related to pensions	46,782	(22,067)	6,832	(6,914)	(14,795)	(20,433)	(10,595)
Decrease in deferred outflows related to OPEB	15,557	54,803	31,635	14,562	73,976	22,078	212,611
Increase (decrease) in deferred inflows related to pensions	(3,809)	3,333	171	981	3,163	2,378	6,217
Increase in deferred inflows related to OPEB	18,028	251,175	125,547	67,905	325,553	112,821	901,029
Increase in compensated absences	7,799	46,734	28,678	15,579	78,055	14,646	191,491
Increase (decrease) in net pension liability	(173,042)	500,819	173,025	139,401	588,881	270,388	1,499,472
Decrease in net OPEB liability	<u>(112,628)</u>	<u>(337,280)</u>	<u>(200,855)</u>	<u>(89,247)</u>	<u>(459,550)</u>	<u>(132,184)</u>	<u>(1,331,744)</u>
Total adjustments	<u>39,996</u>	<u>3,776,327</u>	<u>1,646,831</u>	<u>441,886</u>	<u>543,843</u>	<u>276,681</u>	<u>6,725,564</u>
Net cash provided (used) by operating activities	<u>438,114</u>	<u>2,136,361</u>	<u>1,134,943</u>	<u>3,682,376</u>	<u>(758,703)</u>	<u>7,639</u>	<u>6,640,730</u>
Noncash capital activities							
Contributions of capital assets	<u>\$ -</u>	<u>\$ 25,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,777</u>

City of Grand Rapids, Michigan
Combining Statements of Net Position
Corridor Improvement Authorities - Component Units
for the year ended June 30, 2020

	<u>Southtown</u>	<u>North Quarter</u>	<u>Uptown</u>	<u>West Side</u>	<u>Michigan Street</u>	<u>South Division-Grandville</u>	<u>Total</u>
ASSETS							
Equity in pooled cash and investments	\$ 415,610	\$ 35,717	\$ 170,444	\$ 243,687	\$ 57,071	\$ 33,996	\$ 956,525
Receivables, net	<u>1,595</u>	<u>73</u>	<u>672</u>	<u>961</u>	<u>262</u>	<u>-</u>	<u>3,563</u>
Total Assets	<u>417,205</u>	<u>35,790</u>	<u>171,116</u>	<u>244,648</u>	<u>57,333</u>	<u>33,996</u>	<u>960,088</u>
LIABILITIES							
Vouchers payable and accruals	<u>6,295</u>	<u>-</u>	<u>29,240</u>	<u>21,099</u>	<u>1,000</u>	<u>1,776</u>	<u>59,410</u>
NET POSITION							
Restricted:							
Urban and community development	\$ 410,910	\$ 35,790	\$ 141,876	\$ 223,549	\$ 56,333	\$ 32,220	\$ 900,678
Total liabilities and fund balances	<u>\$ 417,205</u>	<u>\$ 35,790</u>	<u>\$ 171,116</u>	<u>\$ 244,648</u>	<u>\$ 57,333</u>	<u>\$ 33,996</u>	<u>\$ 960,088</u>

City of Grand Rapids, Michigan
Combining Statements of Activities
Corridor Improvement Authorities - Component Units
for the year ended June 30, 2020

	<u>Southtown</u>	<u>North Quarter</u>	<u>Uptown</u>	<u>West Side</u>	<u>Michigan Street</u>	<u>South Division- Grandville</u>	<u>Total</u>
Revenues:							
Property taxes	\$ 183,137	\$ 13,202	\$ 181,083	\$ 149,279	\$ 36,658	\$ 13,535	\$ 576,894
Other grants and contributions	100,000	17,603	-	-	-	25,000	142,603
Investment earnings	<u>22,544</u>	<u>998</u>	<u>9,442</u>	<u>13,633</u>	<u>3,762</u>	<u>-</u>	<u>50,379</u>
Total revenues	<u>305,681</u>	<u>31,803</u>	<u>190,525</u>	<u>162,912</u>	<u>40,420</u>	<u>38,535</u>	<u>769,876</u>
Expenses:							
Urban and community development	<u>190,733</u>	<u>2,213</u>	<u>126,636</u>	<u>98,165</u>	<u>18,520</u>	<u>6,315</u>	<u>442,582</u>
Change in net position	114,948	29,590	63,889	64,747	21,900	32,220	327,294
Net Position - beginning	<u>295,962</u>	<u>6,200</u>	<u>77,987</u>	<u>158,802</u>	<u>34,433</u>	<u>-</u>	<u>573,384</u>
Net Position - ending	<u>\$ 410,910</u>	<u>\$ 35,790</u>	<u>\$ 141,876</u>	<u>\$ 223,549</u>	<u>\$ 56,333</u>	<u>\$ 32,220</u>	<u>\$ 900,678</u>

**City of Grand Rapids, Michigan
Combining Statement of Fiduciary Net Position
Employee Benefit Trust Funds**

	<u>Pension Trust Funds</u>		<u>Retiree Health Care Trust Funds</u>			<u>Total Employee Benefit Trust Funds</u>
	<u>Police and Fire</u>	<u>General</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>	
as of :	<i>December 31, 2019</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ -	\$ 748,918	\$ 507,191	\$ 373,115	\$ 1,629,224
Investments held by trustee:						
Cash and money market funds	7,323,183	5,321,810	-	-	-	12,644,993
United States Government Securities	51,829,763	48,481,274	-	-	-	100,311,037
State and municipal bonds	373,534	364,650	-	-	-	738,184
Corporate bonds and fixed income comingled funds	72,587,764	70,459,368	-	-	-	143,047,132
Common stocks and equity mutual funds	224,965,267	195,681,564	-	-	-	420,646,831
Real estate securities	22,162,714	18,575,394	-	-	-	40,738,108
Asset-backed securities	4,990,994	4,958,486	-	-	-	9,949,480
Commodities	19,739,597	16,385,738	-	-	-	36,125,335
Other	40,279,863	41,112,050	-	-	-	81,391,913
Comingled multi-asset portfolio	-	-	13,482,815	37,576,443	20,189,627	71,248,885
Collateral held by broker under securities lending						
Short-term fixed income	17,317,484	29,595,696	-	-	-	46,913,180
Receivables, net:						
Investment securities sold	18,412,738	2,118,777	-	-	-	20,531,515
Other accounts	764,959	1,113,018	4,515	1,401	390	1,884,283
Accrued interest and dividends	551,746	416,102	2,473	1,741	741	972,803
Total assets	<u>481,299,606</u>	<u>434,583,927</u>	<u>14,238,721</u>	<u>38,086,776</u>	<u>20,563,873</u>	<u>988,772,903</u>
LIABILITIES						
Compensated absences	21,865	26,417	-	-	-	48,282
Investment securities purchased	17,796,394	1,202,735	-	-	-	18,999,129
Vouchers and accounts payable	300,351	318,228	137,205	128,646	197,117	1,081,547
Due to other funds	36,023	32,260	-	-	-	68,283
Liabilities under security lending program	17,317,484	29,595,696	-	-	-	46,913,180
Total liabilities	<u>35,472,117</u>	<u>31,175,336</u>	<u>137,205</u>	<u>128,646</u>	<u>197,117</u>	<u>67,110,421</u>
NET POSITION						
Restricted for pension and OPEB benefits	<u>\$ 445,827,489</u>	<u>\$ 403,408,591</u>	<u>\$ 14,101,516</u>	<u>\$ 37,958,130</u>	<u>\$ 20,366,756</u>	<u>\$ 921,662,482</u>

City of Grand Rapids, Michigan
Combining Statement of Changes in Fiduciary Net Position
Employee Benefit Trust Funds

	<u>Pension Trust Funds</u>		<u>Retiree Health Care Trust Funds</u>			<u>Total Employee Benefit Trust Funds</u>
	<u>Police and Fire</u>	<u>General</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>	
	<i>December 31, 2019</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	<i>June 30, 2020</i>	
<i>for the year ended:</i>						
ADDITIONS						
Plan Contributions:						
Employer	\$ 9,672,074	\$ 11,325,243	\$ 3,761,766	\$ 2,786,728	\$ 2,106,558	\$ 29,652,369
Plan members	<u>5,832,668</u>	<u>2,595,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,428,256</u>
Total contributions	<u>15,504,742</u>	<u>13,920,831</u>	<u>3,761,766</u>	<u>2,786,728</u>	<u>2,106,558</u>	<u>38,080,625</u>
Investment earnings:						
Interest and dividends	4,985,391	4,831,199	15,399	11,104	4,273	9,847,366
Net appreciation in fair value of investments	<u>67,069,372</u>	<u>1,452,694</u>	<u>355,241</u>	<u>933,428</u>	<u>483,509</u>	<u>70,294,244</u>
Total investment earnings	<u>72,054,763</u>	<u>6,283,893</u>	<u>370,640</u>	<u>944,532</u>	<u>487,782</u>	<u>80,141,610</u>
Investment management expense	(1,047,937)	(944,732)	-	-	-	(1,992,669)
Securities lending earnings	<u>83,222</u>	<u>101,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,457</u>
Total net investment earnings	<u>71,090,048</u>	<u>5,440,396</u>	<u>370,640</u>	<u>944,532</u>	<u>487,782</u>	<u>78,333,398</u>
Total additions	<u>86,594,790</u>	<u>19,361,227</u>	<u>4,132,406</u>	<u>3,731,260</u>	<u>2,594,340</u>	<u>116,414,023</u>
DEDUCTIONS						
Benefits paid	27,730,677	34,562,300	2,749,260	2,170,815	2,487,966	69,701,018
Administration expenses	<u>592,306</u>	<u>605,388</u>	<u>182,840</u>	<u>173,855</u>	<u>138,589</u>	<u>1,692,978</u>
Total deductions	<u>28,322,983</u>	<u>35,167,688</u>	<u>2,932,100</u>	<u>2,344,670</u>	<u>2,626,555</u>	<u>71,393,996</u>
Change in net position	58,271,807	(15,806,461)	1,200,306	1,386,590	(32,215)	45,020,027
Total net position - beginning	<u>387,555,682</u>	<u>419,215,052</u>	<u>12,901,210</u>	<u>36,571,540</u>	<u>20,398,971</u>	<u>876,642,455</u>
Total net position - ending	<u>\$ 445,827,489</u>	<u>\$ 403,408,591</u>	<u>\$ 14,101,516</u>	<u>\$ 37,958,130</u>	<u>\$ 20,366,756</u>	<u>\$ 921,662,482</u>

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2020

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
Assets:				
Equity in pooled cash and investments	\$ 6,221	\$ 57,683	\$ -	\$ 63,904
Property taxes receivable	<u>263,225</u>	<u>152,638,970</u>	<u>152,603,910</u>	<u>298,285</u>
Total assets	<u>\$ 269,446</u>	<u>\$ 152,696,653</u>	<u>\$ 152,603,910</u>	<u>\$ 362,189</u>
Liabilities:				
Due to other governmental units	<u>\$ 269,446</u>	<u>\$ 152,696,653</u>	<u>\$ 152,603,910</u>	<u>\$ 362,189</u>
Total liabilities	<u>\$ 269,446</u>	<u>\$ 152,696,653</u>	<u>\$ 152,603,910</u>	<u>\$ 362,189</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2020

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	\$ 52,252,785	\$ 12,699,723	\$ -	\$ -	\$ -	\$ 257,033	\$ 69,255,507
Public safety:										
Police	1,455,463	-	-	23,472,225	9,296,203	817,916	54,195	-	92,221	35,188,223
Fire	453,690	-	-	6,744,566	1,779,566	11,857,552	29,741	-	1,916,557	22,781,672
Total public safety	1,909,153	-	-	30,216,791	11,075,769	12,675,468	83,936	-	2,008,778	57,969,895
Public works:										
Public works	3,688,571	1,218,531	19,429,406	619,066	1,371,893	85,614	-	519,293,778	30,744,699	576,451,558
Street lighting	-	49	-	450,372	23,695	-	-	12,897,683	4,265,272	17,637,071
Traffic safety	-	2,323	16,965	3,132,054	602,639	-	66,669	10,070,913	79,091	13,970,654
Total public works	3,688,571	1,220,903	19,446,371	4,201,492	1,998,227	85,614	66,669	542,262,374	35,089,062	608,059,283
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,287,108	208,748	60,223	2,018,539	-	183,373	42,115,006
Museum	2,736,700	-	104,131	42,691,644	344,881	-	530,787	-	-	46,408,143
Parks	12,154,123	39,922	40,951,307	9,837,829	1,124,639	87,290	-	-	4,750,978	68,946,088
Total culture and recreation	17,174,841	39,922	41,128,435	89,816,581	1,678,268	147,513	2,549,326	-	4,934,351	157,469,237
Urban and community development:										
Community and economic development	-	-	-	-	-	47,947	-	-	-	47,947
Total urban and community development	-	-	-	-	-	47,947	-	-	-	47,947
Total governmental funds capital assets	\$ 25,852,182	\$ 1,260,825	\$ 61,541,155	\$ 176,487,649	\$ 27,451,987	\$ 12,956,542	\$ 2,699,931	\$ 542,262,374	\$ 42,289,224	\$ 892,801,869

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.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
for the year ended June 30, 2020

<u>Function and Activity</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
General government	\$ 65,624,255	\$ 3,674,252	\$ 43,000	\$ 69,255,507
Public safety:				
Police	35,024,631	1,350,072	1,186,480	35,188,223
Fire	<u>20,758,088</u>	<u>4,699,131</u>	<u>2,675,547</u>	<u>22,781,672</u>
Total public safety	<u>55,782,719</u>	<u>6,049,203</u>	<u>3,862,027</u>	<u>57,969,895</u>
Public works:				
Public works	564,322,189	12,773,412	644,043	576,451,558
Street lighting	13,978,414	3,658,657	-	17,637,071
Traffic safety	<u>13,891,186</u>	<u>79,468</u>	<u>-</u>	<u>13,970,654</u>
Total public works	<u>592,191,789</u>	<u>16,511,537</u>	<u>644,043</u>	<u>608,059,283</u>
Culture and recreation:				
Libraries	41,931,633	183,373	-	42,115,006
Museum	46,408,143	-	-	46,408,143
Parks	<u>63,945,812</u>	<u>7,003,472</u>	<u>2,003,196</u>	<u>68,946,088</u>
Total culture and recreation	<u>152,285,588</u>	<u>7,186,845</u>	<u>2,003,196</u>	<u>157,469,237</u>
Urban and community development:				
Community and economic development	<u>47,947</u>	<u>-</u>	<u>-</u>	<u>47,947</u>
Total governmental funds capital assets	<u>\$ 865,932,298</u>	<u>\$ 33,421,837</u>	<u>\$ 6,552,266</u>	<u>\$ 892,801,869</u>

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.

City of Grand Rapids, Michigan
Contents of the Statistical Section

This part of the City of Grand Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. Many of the tables present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

<u>Contents</u>	<u>Tables</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	1-5
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.	6-10
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	11-14
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	15, 16
Operating Information These schedules contain service data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	17-19

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

City of Grand Rapids, Michigan
Net Position by Component (unaudited)
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities										
Net Investment in capital assets	\$ 286,842,665	\$ 267,497,557	\$ 252,300,951	\$ 250,757,965	\$ 228,176,623	\$ 202,004,329	\$ 178,448,878	\$ 201,008,554	\$ 211,201,069	\$ 229,721,640
Restricted	15,069,304	14,778,249	14,052,452	15,868,799	16,462,828	28,568,423	31,118,311	25,235,721	35,893,928	32,130,138
Unrestricted	<u>72,746,610</u>	<u>80,802,344</u>	<u>90,636,718</u>	<u>99,685,291</u>	<u>83,771,482</u>	<u>69,438,666</u>	<u>51,058,700</u>	<u>(53,962,764)</u>	<u>(73,562,866)</u>	<u>(81,583,684)</u>
Total governmental activities net position	<u>\$ 374,658,579</u>	<u>\$ 363,078,150</u>	<u>\$ 356,990,121</u>	<u>\$ 366,312,055</u>	<u>\$ 328,410,933</u>	<u>\$ 300,011,418</u>	<u>\$ 260,625,889</u>	<u>\$ 172,281,511</u>	<u>\$ 173,532,131</u>	<u>\$ 180,268,094</u>
Business-type Activities										
Net Investment in capital assets	\$ 360,515,741	\$ 357,748,563	\$ 351,473,228	\$ 358,944,390	\$ 374,185,834	\$ 392,979,402	\$ 400,784,184	\$ 417,402,970	\$ 426,225,161	\$ 441,758,325
Restricted	21,769,063	21,706,695	30,948,240	35,885,669	33,589,225	32,359,186	33,335,807	32,078,561	37,902,922	36,073,946
Unrestricted	<u>67,328,770</u>	<u>84,376,050</u>	<u>84,695,659</u>	<u>84,352,379</u>	<u>76,022,631</u>	<u>80,686,568</u>	<u>89,651,460</u>	<u>96,236,519</u>	<u>99,265,616</u>	<u>102,529,284</u>
Total business-type activities net position	<u>\$ 449,613,574</u>	<u>\$ 463,831,308</u>	<u>\$ 467,117,127</u>	<u>\$ 479,182,438</u>	<u>\$ 483,797,690</u>	<u>\$ 506,025,156</u>	<u>\$ 523,771,451</u>	<u>\$ 545,718,050</u>	<u>\$ 563,393,699</u>	<u>\$ 580,361,555</u>
Primary Government										
Net Investment in capital assets	\$ 647,358,406	\$ 625,246,120	\$ 603,774,179	\$ 609,702,355	\$ 602,362,457	\$ 594,983,731	\$ 579,233,062	\$ 618,411,524	\$ 637,426,230	\$ 671,479,965
Restricted	36,838,367	36,484,944	45,000,692	51,754,468	50,052,053	60,927,609	64,454,118	57,314,282	73,796,850	68,204,084
Unrestricted	<u>140,075,380</u>	<u>165,178,394</u>	<u>175,332,377</u>	<u>184,037,670</u>	<u>159,794,113</u>	<u>150,125,234</u>	<u>140,710,160</u>	<u>42,273,755</u>	<u>25,702,750</u>	<u>20,945,600</u>
Total primary government net position	<u>\$ 824,272,153</u>	<u>\$ 826,909,458</u>	<u>\$ 824,107,248</u>	<u>\$ 845,494,493</u>	<u>\$ 812,208,623</u>	<u>\$ 806,036,574</u>	<u>\$ 784,397,340</u>	<u>\$ 717,999,561</u>	<u>\$ 736,925,830</u>	<u>\$ 760,629,649</u>

City of Grand Rapids, Michigan
Changes in Net Position (unaudited)
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses:										
Governmental activities:										
General government	\$ 25,886,186	\$ 28,490,087	\$ 25,763,302	\$ 24,317,558	\$ 27,158,278	\$ 31,370,052	\$ 32,918,016	\$ 36,888,060	\$ 35,996,997	\$ 40,282,684
Public safety	78,776,861	85,540,347	83,883,605	79,901,439	76,336,144	101,714,766	111,566,878	109,576,349	121,743,341	106,538,215
Public works	49,113,508	50,339,679	50,403,933	48,477,155	63,819,694	72,032,052	73,773,068	65,283,661	56,037,610	61,821,864
Culture and Recreation	19,853,225	18,844,448	18,560,598	17,453,598	19,718,462	17,714,262	18,038,363	14,263,996	22,132,872	19,476,730
Urban & Community Development	26,234,918	28,103,849	20,544,534	16,321,393	14,719,552	17,361,430	19,611,904	21,061,730	20,378,186	21,167,228
Interest on long-term debt	5,139,731	4,825,257	4,338,102	4,058,044	3,936,941	3,892,373	4,600,305	4,166,106	3,650,427	1,440,151
Total governmental activities expenses	<u>205,004,429</u>	<u>216,143,667</u>	<u>203,494,074</u>	<u>190,529,187</u>	<u>205,689,071</u>	<u>244,084,935</u>	<u>260,508,534</u>	<u>251,239,902</u>	<u>259,939,433</u>	<u>250,726,872</u>
Business-type activities:										
Water Supply System	38,356,246	37,697,767	36,459,316	37,285,497	33,302,278	36,197,215	39,206,129	35,258,241	43,032,854	43,039,468
Sewage Disposal System	45,297,991	45,697,111	48,008,068	46,561,350	45,184,106	47,691,862	50,334,631	48,601,656	55,587,737	59,197,195
Auto Parking System	10,214,220	10,615,215	11,262,622	11,798,952	11,594,252	14,249,852	15,902,942	16,949,252	22,154,543	19,019,579
Other Enterprises	2,371,611	2,482,758	1,990,459	2,300,183	2,411,202	1,950,213	2,513,612	2,162,706	2,675,817	2,895,949
Total business-type activities expenses	<u>96,240,068</u>	<u>96,492,851</u>	<u>97,720,465</u>	<u>97,945,982</u>	<u>92,491,838</u>	<u>100,089,142</u>	<u>107,957,314</u>	<u>102,971,855</u>	<u>123,450,951</u>	<u>124,152,191</u>
Total primary government expenses	<u>\$ 301,244,497</u>	<u>\$ 312,636,518</u>	<u>\$ 301,214,539</u>	<u>\$ 288,475,169</u>	<u>\$ 298,180,909</u>	<u>\$ 344,174,077</u>	<u>\$ 368,465,848</u>	<u>\$ 354,211,757</u>	<u>\$ 383,390,384</u>	<u>\$ 374,879,063</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 8,064,316	\$ 8,722,141	\$ 8,840,382	\$ 9,087,640	\$ 8,920,866	\$ 8,828,209	\$ 9,099,565	\$ 8,562,555	\$ 14,488,163	\$ 10,143,095
Public safety	2,260,699	3,035,450	2,432,020	2,508,324	2,151,757	1,752,816	1,764,425	2,758,010	2,416,008	2,006,107
Public works	10,141,484	10,530,342	10,176,136	11,345,612	11,231,351	11,708,111	11,372,907	12,088,820	13,621,327	14,239,342
Culture and recreation	2,766,016	1,837,477	1,198,277	782,280	807,855	765,030	882,614	1,203,052	1,105,798	750,288
Urban & community development	6,184,984	5,162,954	8,282,923	8,923,877	8,785,932	10,836,002	9,961,856	10,243,176	12,270,634	11,040,627
Total Charges for services:	29,417,499	29,288,364	30,929,738	32,647,733	31,897,761	33,890,168	33,081,367	34,855,613	43,901,930	38,179,459
Operating grants and contributions:	21,175,008	32,169,748	20,176,947	15,059,686	15,145,783	15,432,226	13,056,796	36,120,086	39,313,771	37,619,348
Capital grants and contributions	968,301	2,461,425	1,307,488	1,091,417	1,778,543	1,376,082	992,780	4,717,120	3,520,635	2,171,218
Total governmental activities program revenues	<u>51,560,808</u>	<u>63,919,537</u>	<u>52,414,173</u>	<u>48,798,836</u>	<u>48,822,087</u>	<u>50,698,476</u>	<u>47,130,943</u>	<u>75,692,819</u>	<u>86,736,336</u>	<u>77,970,025</u>
Business-type activities:										
Charges for services:										
Water Supply System	41,639,821	43,392,238	44,228,303	40,548,424	40,014,365	41,968,413	43,536,557	45,852,294	46,044,222	48,756,354
Sewage Disposal System	50,130,450	51,619,089	49,251,979	49,732,439	51,991,509	54,119,246	54,751,997	55,657,384	57,505,735	60,065,463
Auto Parking System	11,570,553	12,413,783	13,504,506	14,402,322	15,712,638	15,361,175	20,120,530	20,307,490	20,458,374	16,096,227
Other Enterprise	1,889,994	1,906,608	1,985,327	2,057,821	2,090,739	1,940,424	1,939,830	2,100,249	2,102,458	2,042,445
Total Charges for services:	105,230,818	109,331,718	108,970,115	106,741,006	109,809,251	113,389,258	120,348,914	123,917,417	126,110,789	126,960,489
Operating grants and contributions:	208,000	676,381	631,163	603,191	630,374	623,218	653,864	629,035	631,994	616,323
Capital grants and contributions:	1,098,463	1,144,782	3,265,749	3,347,880	4,593,227	6,216,877	5,274,555	7,236,180	5,156,169	5,244,502
Total business-type activities program revenues	<u>106,537,281</u>	<u>111,152,881</u>	<u>112,867,027</u>	<u>110,692,077</u>	<u>115,032,852</u>	<u>120,229,353</u>	<u>126,277,333</u>	<u>131,782,632</u>	<u>131,898,952</u>	<u>132,821,314</u>
Total primary government program revenues	<u>\$ 158,098,089</u>	<u>\$ 175,072,418</u>	<u>\$ 165,281,200</u>	<u>\$ 159,490,913</u>	<u>\$ 163,854,939</u>	<u>\$ 170,927,829</u>	<u>\$ 173,408,276</u>	<u>\$ 207,475,451</u>	<u>\$ 218,635,288</u>	<u>\$ 210,791,339</u>
Net (expense)/revenue										
Governmental activities	\$ (153,443,621)	\$ (152,224,130)	\$ (151,079,901)	\$ (141,730,351)	\$ (156,866,984)	\$ (193,386,459)	\$ (213,377,591)	\$ (175,547,083)	\$ (173,203,097)	\$ (172,756,847)
Business-type activities	10,297,213	14,660,030	15,146,562	12,746,095	22,541,014	20,140,211	18,320,019	28,810,777	8,448,001	8,669,123
Total primary government net expense	<u>\$ (143,146,408)</u>	<u>\$ (137,564,100)</u>	<u>\$ (135,933,339)</u>	<u>\$ (128,984,256)</u>	<u>\$ (134,325,970)</u>	<u>\$ (173,246,248)</u>	<u>\$ (195,057,572)</u>	<u>\$ (146,736,306)</u>	<u>\$ (164,755,096)</u>	<u>\$ (164,087,724)</u>

City of Grand Rapids, Michigan
Changes in Net Position (unaudited)
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 37,451,239	\$ 35,981,291	\$ 34,131,326	\$ 33,909,334	\$ 37,716,877	\$ 38,976,376	\$ 39,505,377	\$ 39,913,281	\$ 41,591,480	\$ 43,167,224
Income taxes	63,852,926	68,179,409	75,471,493	77,574,337	81,968,457	88,174,251	94,038,914	98,558,635	105,064,760	104,590,639
Intergovernmental, unrestricted	32,775,451	31,667,177	32,627,467	34,246,742	34,254,030	34,437,232	37,443,494	20,977,402	21,709,793	20,853,440
Unrestricted investment earnings	1,738,367	1,717,328	1,541,377	1,657,605	2,104,705	3,592,965	217,143	3,364,427	7,762,294	10,265,778
Miscellaneous	1,962,840	528,525	374,239	707,264	494,106	626,056	1,070,668	816,860	842,188	206,916
Gain on sale of capital assets	292,191	103,401	106,960	789,570	-	-	-	209,777	172,522	-
Transfers	<u>2,633,781</u>	<u>2,466,570</u>	<u>2,064,144</u>	<u>2,167,433</u>	<u>1,252,086</u>	<u>(819,936)</u>	<u>1,716,466</u>	<u>1,678,354</u>	<u>(2,689,320)</u>	<u>(1,096,255)</u>
Total governmental activities:	<u>140,706,795</u>	<u>140,643,701</u>	<u>146,317,006</u>	<u>151,052,285</u>	<u>157,790,261</u>	<u>164,986,944</u>	<u>173,992,062</u>	<u>165,518,736</u>	<u>174,453,717</u>	<u>177,987,742</u>
Business-type activities:										
Unrestricted investment earnings	975,845	432,126	593,408	711,272	697,150	1,107,815	10,638	1,670,570	5,974,331	6,566,634
Miscellaneous	1,378,750	1,592,148	617,730	775,377	161,301	159,504	1,128,510	3,642,538	564,224	635,844
Gain on sale of capital assets	-	-	-	-	-	-	3,594	250,456	(227)	-
Transfers	(2,633,780)	(2,466,570)	(2,064,144)	(2,167,433)	(1,252,086)	819,936	(1,716,466)	(1,678,354)	2,689,320	1,096,255
Special Item-Refund Water Bonds	-	-	(4,868,614)	-	-	-	-	-	-	-
Total business-type activities	<u>(279,185)</u>	<u>(442,296)</u>	<u>(5,721,620)</u>	<u>(680,784)</u>	<u>(393,635)</u>	<u>2,087,255</u>	<u>(573,724)</u>	<u>3,885,210</u>	<u>9,227,648</u>	<u>8,298,733</u>
Total primary government	<u>\$ 140,427,610</u>	<u>\$ 140,201,405</u>	<u>\$ 140,595,386</u>	<u>\$ 150,371,501</u>	<u>\$ 157,396,626</u>	<u>\$ 167,074,199</u>	<u>\$ 173,418,338</u>	<u>\$ 169,403,946</u>	<u>\$ 183,681,365</u>	<u>\$ 186,286,475</u>
Change in Net Position										
Governmental activities	\$ (12,736,826)	\$ (11,580,429)	\$ (4,762,895)	\$ 9,321,934	\$ 923,277	\$ (28,399,515)	\$ (39,385,529)	\$ (10,028,347)	\$ 1,250,620	\$ 5,230,895
Business-type activities	10,018,028	14,217,734	9,424,942	12,065,311	22,147,379	22,227,466	17,746,295	32,695,987	17,675,649	16,967,856
Total primary government	<u>\$ (2,718,798)</u>	<u>\$ 2,637,305</u>	<u>\$ 4,662,047</u>	<u>\$ 21,387,245</u>	<u>\$ 23,070,656</u>	<u>\$ (6,172,049)</u>	<u>\$ (21,639,234)</u>	<u>\$ 22,667,640</u>	<u>\$ 18,926,269</u>	<u>\$ 22,198,751</u>

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

City of Grand Rapids, Michigan
Fund Balances, Governmental Funds (unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable	\$ 11,467,913	\$ 10,323,093	\$ 9,085,247	\$ 7,650,268	\$ 6,370,712	\$ 5,021,173	\$ 3,372,266	\$ 3,426,797	\$ 3,393,029	\$ 1,776,654
Committed	-	-	3,683,466	5,940,801	8,948,835	12,948,835	12,948,835	14,298,835	14,298,835	14,686,521
Assigned	12,357,965	7,537,106	7,218,561	8,098,880	9,183,103	8,304,141	7,369,018	7,684,988	7,146,167	10,670,002
Unassigned	<u>7,886,595</u>	<u>8,499,517</u>	<u>12,677,755</u>	<u>13,840,518</u>	<u>15,101,671</u>	<u>22,388,202</u>	<u>27,289,147</u>	<u>30,434,665</u>	<u>38,134,167</u>	<u>37,037,796</u>
Total general fund	<u>\$ 31,712,473</u>	<u>\$ 26,359,716</u>	<u>\$ 32,665,029</u>	<u>\$ 35,530,467</u>	<u>\$ 39,604,321</u>	<u>\$ 48,662,351</u>	<u>\$ 50,979,266</u>	<u>\$ 55,845,285</u>	<u>\$ 62,972,198</u>	<u>\$ 64,170,973</u>
All other governmental funds										
Nonspendable	\$ 4,242,062	\$ 4,209,836	\$ 4,232,043	\$ 3,851,381	\$ 3,904,986	\$ 3,872,045	\$ 3,610,387	\$ 3,853,221	\$ 3,997,733	\$ 4,102,153
Restricted	14,770,028	13,917,489	12,471,415	13,723,322	17,846,513	38,001,238	28,234,961	21,399,994	31,913,641	33,242,576
Committed	18,978,088	23,248,555	30,862,888	39,983,001	41,781,471	28,609,072	29,681,306	25,957,401	21,452,159	19,465,646
Assigned	12,423,570	13,428,629	11,284,779	12,498,513	12,436,480	20,334,463	25,645,492	24,248,331	29,863,370	31,258,990
Unassigned	<u>(301,784)</u>	<u>-</u>	<u>(241,434)</u>	<u>(562,032)</u>	<u>(377,415)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 50,111,964</u>	<u>\$ 54,804,509</u>	<u>\$ 58,609,691</u>	<u>\$ 69,494,185</u>	<u>\$ 75,592,035</u>	<u>\$ 90,816,818</u>	<u>\$ 87,172,146</u>	<u>\$ 75,458,947</u>	<u>\$ 87,226,903</u>	<u>\$ 88,069,365</u>

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

City of Grand Rapids, Michigan
Changes in Fund Balances, Governmental Funds (unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:										
Property taxes	\$ 37,451,239	\$ 35,981,291	\$ 34,155,212	\$ 33,909,334	\$ 37,716,877	\$ 38,990,487	\$ 39,543,379	\$ 39,931,447	\$ 41,609,555	\$ 43,167,224
City income taxes	63,852,926	68,179,409	75,471,493	77,574,337	81,970,412	88,174,251	94,021,662	98,540,469	105,064,760	104,590,639
State shared taxes	32,405,016	31,667,177	32,627,467	34,246,742	34,252,075	34,440,574	37,422,744	41,065,069	43,201,166	43,323,050
Licenses and permits	2,495,904	2,880,914	4,307,838	4,546,578	3,751,887	7,699,250	7,360,290	7,533,264	7,511,388	6,617,788
Federal grants	18,356,170	27,843,329	15,305,649	10,870,559	8,480,882	8,335,065	8,718,422	7,922,886	9,211,600	8,369,510
State grants	506,781	1,359,652	1,095,598	595,271	4,276,576	3,118,910	900,182	5,923,695	6,072,025	2,622,484
Other grants & contributions	3,650,792	5,428,192	5,083,188	4,685,273	4,166,868	5,354,333	4,430,972	6,902,958	6,041,334	6,328,962
Charges for services	24,506,126	23,996,750	23,968,290	25,287,684	26,073,539	24,075,616	23,371,878	23,866,290	32,548,906	29,380,544
Fines and forfeitures	2,179,292	2,170,700	2,403,610	2,461,177	2,072,303	2,115,302	2,349,199	2,320,994	1,998,581	1,863,246
Investment earnings (loss)	1,017,083	853,321	693,044	807,495	1,005,208	1,812,434	(282,270)	1,684,235	5,112,136	6,865,356
Miscellaneous	1,974,018	487,584	436,512	677,503	491,350	626,056	1,066,531	878,678	806,836	386,319
Total revenues	\$ 188,395,347	\$ 200,848,319	\$ 195,547,901	\$ 195,661,953	\$ 204,257,977	\$ 214,742,278	\$ 218,902,989	\$ 236,569,985	\$ 259,178,287	\$ 253,515,122
Expenditures:										
Current:										
General government	\$ 23,658,692	\$ 25,545,603	\$ 23,474,456	\$ 24,804,245	\$ 27,018,056	\$ 28,696,169	\$ 30,130,282	\$ 30,704,431	\$ 32,938,959	\$ 35,468,553
Public safety	74,187,140	83,219,856	81,200,548	80,855,089	81,072,054	83,471,722	85,419,851	86,486,306	91,996,757	93,737,136
Public works	32,347,463	33,476,824	31,236,419	30,244,106	31,291,362	31,432,079	32,215,909	35,243,966	37,245,428	41,012,527
Culture and recreation	15,311,589	14,574,914	13,940,573	14,127,062	18,390,409	17,791,041	17,775,381	19,868,500	20,438,421	21,961,324
Urban and community development	26,439,566	28,587,393	20,510,234	16,540,058	16,506,585	15,763,012	17,892,513	18,025,781	20,361,511	20,059,146
Debt service:										
Principal	8,608,539	7,456,006	7,556,251	7,970,700	8,508,124	7,437,220	7,349,646	26,774,209	7,136,903	7,441,207
Interest, fees, and bond issue costs	4,678,244	4,452,511	4,130,036	3,842,817	3,700,435	3,908,361	4,363,449	4,079,345	3,854,184	3,773,874
Capital outlay	4,023,338	8,296,242	6,603,218	7,735,049	29,024,143	35,497,277	39,899,156	23,046,687	32,693,966	28,271,228
Total expenditures	189,254,571	205,609,349	188,651,735	186,119,126	215,511,168	223,996,881	235,046,187	244,229,225	246,666,129	251,724,995
Excess (deficit) of revenues over expenditures	\$ (859,224)	\$ (4,761,030)	\$ 6,896,166	\$ 9,542,827	\$ (11,253,191)	\$ (9,254,603)	\$ (16,143,198)	\$ (7,659,240)	\$ 12,512,158	\$ 1,790,127
Other financing sources (uses):										
Transfers in	\$ 25,856,642	\$ 41,826,658	\$ 40,161,192	\$ 36,805,723	\$ 39,501,511	\$ 43,939,163	\$ 43,338,957	\$ 44,955,233	\$ 40,841,556	\$ 29,581,778
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers out	(22,402,271)	(37,637,906)	(37,403,178)	(32,542,961)	(41,363,356)	(43,674,269)	(40,473,207)	(44,420,279)	(43,528,888)	(31,110,743)
Sale of capital assets	-	-	-	1,119	1,571,243	120,109	304,079	5,480	-	1,329,280
Face value of bonds and contracts issued	1,592,500	2,255,000	526,800	2,706,853	21,550,000	37,840,000	12,045,000	-	8,210,000	18,735,000
Premium on bonds issued	-	175,389	-	-	-	3,886,102	-	-	785,507	1,492,494
Payment to refunded bond escrow agent	-	(2,438,269)	-	(2,293,547)	-	(8,635,029)	-	-	-	(19,867,377)
Total other financing sources (uses)	5,046,871	4,180,872	3,284,814	4,677,187	21,259,398	33,476,076	15,214,829	540,434	6,308,175	160,432
Net change in fund balances	4,187,647	(580,158)	10,180,980	14,220,014	10,006,207	24,221,473	(928,369)	(7,118,806)	18,820,333	1,950,559
Fund balances, beginning	77,640,991	81,824,437	81,164,225	91,274,720	105,024,652	115,196,356	139,479,169	138,151,412	131,304,232	150,199,101
Residual equity transfer	-	-	-	-	-	-	-	-	-	-
Current year change in inventory levels	(4,201)	(80,054)	(70,485)	(470,082)	165,497	61,340	(399,388)	271,626	74,536	90,678
Fund balances, ending	\$ 81,824,437	\$ 81,164,225	\$ 91,274,720	\$ 105,024,652	\$ 115,196,356	\$ 139,479,169	\$ 138,151,412	\$ 131,304,232	\$ 150,199,101	\$ 152,240,338
Debt Service as a percentage of non-capital expenditures	8.05%	6.56%	7.03%	6.95%	6.08%	5.27%	5.29%	13.59%	4.79%	4.46%

City of Grand Rapids, Michigan
Tax Revenue by Source - All Funds (unaudited)

Last Ten Fiscal Years

Fiscal Year	City Taxes		State Shared Taxes				Total Tax Revenues, All Funds
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other	
2011	\$ 63,852,926	\$ 37,451,239	\$ 19,268,889	\$ 12,789,888	\$ 70,222	\$ 276,017	\$ 133,709,181
2012	68,179,409	35,981,291	13,466,847	13,094,196	4,639,051	467,083	135,827,877
2013	75,471,493	34,155,212	13,745,657	13,210,493	4,952,664	718,653	142,254,172
2014	77,574,337	33,909,334	14,068,013	14,450,641	5,188,615	539,473	145,730,413
2015	81,970,412	37,716,877	14,288,969	13,842,559	5,387,594	732,953	153,939,364
2016	88,174,251	38,990,487	14,275,240	14,633,980	5,289,078	242,276	161,605,312
2017	94,021,662	39,543,379	15,097,998	16,827,013	5,289,078	208,655	170,987,785
2018	98,540,469	39,931,447	15,623,672	20,087,667	5,314,458	39,272	179,536,985
2019	105,064,760	41,609,555	16,355,038	21,509,447	5,289,078	47,603	189,875,481
2020	104,590,639	43,167,224	16,187,769	22,469,610	4,638,106	27,565	191,080,913

Percent to Total Tax Sources							% Increase (Decrease) Over Prior Year
2011	47.8%	28.0%	14.4%	96.0%	0.1%	0.2%	8.2%
2012	50.2	26.5	9.9	9.6	3.4	0.3	1.6
2013	53.1	24.0	9.7	9.3	3.5	0.5	4.7
2014	53.1	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

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.

City of Grand Rapids, Michigan
Segmented Data on Local Income Tax Filers, Rates and Liability (Unaudited)
Current Year and Nine Years Previous

Taxable Income per Return	Calendar Year 2019					Calendar Year 2010				
	No. of Returns	Prct. of Total Returns	Total Taxable Income	Tax Dollars	Prct. of Total Tax Dollars	No. of Returns	Prct. of Total Returns	Total Taxable Income	Tax Dollars	Prct. of Total Tax Dollars
<u>Individual and Joint Returns</u>										
Resident Taxpayers:										
\$32 or less	10,435	7 %	\$ -	\$ -	0 %	4,120	3 %	\$ -	\$ -	0 %
33 - 12,500	13,239	9	79,600,000	1,190,000	1	15,235	12	86,700,000	1,130,000	3
12,501 - 25,000	11,438	8	214,300,000	3,210,000	4	11,137	9	206,500,000	2,680,000	6
25,001 - 50,000	19,518	14	710,000,000	10,650,000	12	13,989	11	504,600,000	6,560,000	15
50,001 - 100,000	15,138	10	1,052,400,000	15,790,000	18	9,880	8	679,400,000	8,830,000	20
More than \$100,000	6,841	5	1,300,200,000	19,500,000	22	2,872	2	494,600,000	6,430,000	14
Subtotal	76,609	53 %	\$ 3,356,500,000	\$ 50,340,000	57 %	57,233	47 %	\$ 1,971,800,000	\$ 25,630,000	58 %
Non-Resident Taxpayers:										
\$66 or less	7,887	5 %	\$ -	\$ -	0 %	7,273	6 %	\$ -	\$ -	0 %
67 - 12,500	15,849	11	81,200,000	610,000	1	14,538	12	75,500,000	490,000	1
12,501 - 25,000	8,872	6	164,900,000	1,240,000	1	8,856	7	166,200,000	1,080,000	2
25,001 - 50,000	15,971	11	588,900,000	4,420,000	5	15,582	13	570,800,000	3,710,000	8
50,001 - 100,000	6,536	5	1,424,200,000	10,680,000	12	10,426	9	701,600,000	4,560,000	10
More than \$100,000	6,536	5	1,424,200,000	10,680,000	12	3,701	3	772,500,000	5,020,000	11
Subtotal	61,651	43 %	\$ 3,683,400,000	\$ 27,630,000	31 %	60,376	49 %	2,286,600,000	14,860,000	33 %
<u>All Other Returns</u>										
Subtotal	6,054	4 %	\$ 686,700,000	\$ 10,290,000	12 %	4,924	4 %	\$ 305,900,000	\$ 3,980,000	9 %
Total	144,314	100 %	\$ 7,726,600,000	\$ 88,260,000	100 %	122,533	100 %	\$ 4,564,300,000	\$ 44,470,000	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.

City of Grand Rapids, Michigan
Assessed and Estimated Actual Value of Taxable Property (unaudited)
Last Ten Fiscal Years

Taxable Values									Ratio of Total Taxable to Estimated Actual Value	Percent Increase / (Decrease) in Estimated Actual Value Over Prior Year
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
2011	2,801,840,914	1,201,198,834	284,785,498	434,541,700	4,722,366,946	(231,184,032)	8.3711	10,384,438,400	45	(5.10)
2012	2,717,505,766	1,211,720,594	233,719,626	432,987,800	4,595,933,786	(208,494,073)	8.3713	9,841,897,400	47	(5.22)
2013	2,592,621,697	1,222,199,744	201,200,508	454,702,000	4,470,723,949	(92,284,733)	8.1716	9,370,433,400	48	(4.79)
2014	2,538,239,112	1,184,138,966	173,772,566	461,576,900	4,357,727,544	(87,293,944)	8.1719	9,068,073,600	48	(3.23)
2015	2,552,663,996	1,183,191,836	171,814,930	456,984,100	4,364,654,862	(85,385,420)	9.1518	9,234,667,900	47	1.84
2016	2,606,974,602	1,197,154,599	174,669,827	476,934,700	4,455,733,728	(66,582,151)	9.1515	9,719,837,200	46	5.25
2017	2,659,890,604	1,228,972,004	172,032,774	392,802,400	4,453,697,782	(34,038,291)	9.1166	10,194,198,000	44	4.88
2018	2,759,511,596	1,301,686,385	172,823,262	395,426,000	4,629,447,243	(19,937,510)	9.0258	11,156,632,000	41	9.44
2019	2,888,475,740	1,399,351,973	175,721,947	396,575,400	4,860,125,060	(705,496)	8.9710	11,793,073,400	41	5.70
2020	3,048,959,434	1,535,994,302	181,686,636	398,935,600	5,165,575,972	(436,126)	8.9011	13,158,496,000	39	11.58

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.

City of Grand Rapids, Michigan
Property Tax Levies and Collections (unaudited)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (net of adjustments)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Original Levy
2011	2010	34,856,007	34,743,948	99.68	-	34,743,948	99.68
2012	2011	34,133,129	33,993,003	99.59	(322,274)	33,670,729	98.65
2013	2012	32,464,748	32,073,324	98.79	(132,167)	31,941,157	98.39
2014	2013	31,640,801	31,561,732	99.75	(83,003)	31,478,729	99.49
2015	2014	31,685,204	31,502,619	99.42	(206,072)	31,296,547	98.77
2016	2015	36,360,029	36,281,099	99.78	(437,785)	35,843,314	98.58
2017	2016	36,345,588	36,317,720	99.92	(390,351)	35,927,369	98.85
2018	2017	37,127,348	37,069,247	99.84	(46,801)	37,022,446	99.72
2019	2018	38,644,162	38,545,648	99.75	(20,084)	38,525,565	99.69
2020	2019	40,095,650	40,073,330	99.94	-	40,073,330	99.94

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

City of Grand Rapids, Michigan
Property Tax Rates
Direct and Overlapping Governments (unaudited)
Last Ten Fiscal Years

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		Combined Total
										Intermodal Transit	Total County ⁶	
Tax Rates: ⁴												
2011	2010	4.1070	0.0108	2.4533	1.8000	-	8.3711	26.7668	6.0000	1.1200	5.3940	47.6519
2012	2011	4.1070	0.0110	2.4533	1.8000	-	8.3713	26.8368	6.0000	1.2900	5.3940	47.8921
2013	2012	4.1070	0.0113	2.4533	1.6000	-	8.1716	28.0768	6.0000	1.4100	5.3940	49.0524
2014	2013	4.1070	0.0116	2.4533	1.6000	-	8.1719	28.0768	6.0000	1.4700	5.3940	49.1127
2015	2014	4.1070	0.0115	2.4533	1.6000	0.9800	9.1518	28.0768	6.0000	1.4700	5.6196	50.3182
2016	2015	4.1070	0.0112	2.4533	1.6000	0.9800	9.1515	28.3768	6.0000	1.4700	5.6196	50.6179
2017	2016	4.0881	0.0112	2.4419	1.6000	0.9754	9.1166	30.3217	6.0000	1.4688	6.0596	52.9667
2018	2017	4.0390	0.0107	2.4125	1.6000	0.9636	9.0258	29.6982	6.0000	1.4632	6.0518	52.2390
2019	2018	4.0095	0.0102	2.3948	1.6000	0.9565	8.9710	29.7181	6.0000	1.4658	6.2947	52.4496
2020	2019	3.9718	0.0096	2.3722	1.6000	0.9475	8.9011	30.2219	6.0000	1.4556	6.2584	52.8370

- 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 2010 through 2018) and portion of General Operating millage dedicated to Library Operations.
 Starting fiscal year 2019, Library includes the Library millage and a portion of the General Operating millage 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.

City of Grand Rapids, Michigan
Principal Property Tax Taxpayers (unaudited)
Current Year and Nine Years Previous

Taxpayer	Type of Business	Fiscal Year 2020			Fiscal Year 2011		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric utility	\$ 99,248,075	1	1.90 %	\$ 50,415,347	1	1.06 %
Amway Hotel Corp.	Hospitality	41,590,938	2	0.80	38,322,888	2	0.80
Centerpoint Owner, LLC	Retail shopping center	31,260,366	3	0.60			
DTE Gas Company	Gas utility	28,329,200	4	0.54			
HP3 LLC	Lodging, dining, retail	25,510,097	5	0.49	27,955,500	4	0.59
CWD 111 Lyon, LLC	Real estate	18,531,959	6	0.36			
Steelcase, Inc.	Office systems design/manufacturing	17,748,363	7	0.34	23,374,040	6	0.49
Meijer, Inc.	Retailer	16,725,004	8	0.32			
Grand Rapids Properties I LLC	Real estate	16,633,960	9	0.32			
Michigan Christian Home	Nursing home/retirement community	14,336,320	10	0.27			
Kellogg/Keebler Company*	Bakery products				30,775,600	3	0.65
Centerpointe Dvlpmnt Co LLC	Shopping Center/Real Estate				27,273,340	5	0.57
SH-2, LLC & BT-2, LLC	Real estate				22,500,000	7	0.47
Fifth Third Bank, Michigan	Banking/Real Estate				21,999,728	8	0.46
Dematic Corporation	Material Handling Manufacturer				20,622,751	9	0.43
Michigan Street Development	Medical Office Building Development				20,065,213	10	0.42
		<u>\$ 309,914,282</u>		<u>4.06 %</u>	<u>\$ 283,304,407</u>		<u>5.94 %</u>

Note: The principal taxpayers and taxable values were determined from the July 1, 2019, and July 1, 2010, 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 \$4,214,369,000 in December 2018 and \$4,761,004,912 in 2009 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, 2020

Name of Governmental Unit	Gross	City Share as Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 210,585,000	99.99%	\$ 210,563,942
Caledonia Community Schools	\$ 99,495,992	7.30%	7,263,207
Forest Hills Public Schools	\$ 113,505,000	2.45%	2,780,873
Godwin Heights Public Schools	\$ 13,750,000	8.77%	1,205,875
Kenowa Hills Public Schools	\$ 67,725,000	0.45%	304,763
Kentwood Public Schools	\$ 64,070,000	7.76%	4,971,832
Kent County	\$ 126,915,000	21.73%	27,578,630
Grand Rapids Community College	\$ 29,600,000	21.02%	6,221,920
Total overlapping debt	\$ 725,645,992		\$ 260,891,042
City direct debt			85,720,721
Total City direct and overlapping debt			\$ 346,611,763

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.

City of Grand Rapids, Michigan
Ratios of Outstanding Debt by Type (unaudited)
Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	General Bonded Debt			Other Debt		Total Governmental Activities
	General Obligation Limited Tax Bonds	Percentage of Personal Income ²		Revenue Bonds	State Loans	
		Per Capita ¹				
2011	72,545,983	1.71	386	32,111,120	209,536	104,866,639
2012	64,492,376	1.72	340	30,985,319	-	95,477,695
2013	57,412,823	1.53	301	29,799,517	-	87,212,340
2014	49,773,182	1.23	259	28,568,715	-	78,341,897
2015	63,131,172	1.44	326	27,267,913	-	90,399,085
2016	89,536,548	2.23	459	25,917,111	-	115,453,659
2017	95,121,080	2.20	478	24,496,310	-	119,617,390
2018	69,183,773	1.60	348	22,995,508	-	92,179,281
2019	71,210,367	1.53	356	22,183,481	-	93,393,848
2020	65,608,041	1.31	326	20,112,680	-	85,720,721

Business-Type Activities						
Fiscal Year	General Obligation Limited Tax Bonds	Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
2011	36,881,758	392,163,510	429,045,268	524,522,963	12.62	2,839
2012	35,916,658	380,402,290	416,318,948	503,531,288	13.68	2,696
2013	34,509,504	411,135,020	445,644,524	523,986,421	14.21	2,798
2014	33,404,366	391,095,979	424,500,344	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

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

¹ Population Source:

2010: The Right Place, Inc.

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

² Income Source

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

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

City of Grand Rapids, Michigan
Legal Debt Margin Information (unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 526,651,870	\$ 499,227,840	\$ 475,013,950	\$ 460,590,000	\$ 469,029,515	\$ 493,728,270	\$ 518,584,180	\$ 568,082,080	\$ 600,863,210	\$ 669,287,870
Total net debt applicable to limit	<u>151,182,344</u>	<u>170,691,640</u>	<u>149,161,448</u>	<u>140,405,688</u>	<u>154,636,585</u>	<u>174,316,401</u>	<u>177,217,841</u>	<u>144,338,519</u>	<u>137,831,956</u>	<u>121,161,614</u>
Legal debt margin	<u>\$ 375,469,526</u>	<u>\$ 328,536,200</u>	<u>\$ 325,852,502</u>	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>	<u>\$ 319,411,869</u>	<u>\$ 341,366,339</u>	<u>\$ 423,743,561</u>	<u>\$ 463,031,254</u>	<u>\$ 548,126,256</u>
Total net debt applicable to the limit (as a percentage of debt limit)	28.71%	34.19%	31.40%	30.48%	32.97%	35.31%	34.17%	25.41%	22.94%	18.10%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Value	\$ 6,579,248,000
Add back: exempt property	<u>113,630,700</u>
Total Assessed Value	6,692,878,700
Debt limit (10% of total AV)	669,287,870
Debt applicable to limit:	
Total debt outstanding	552,766,094
Less: exempt debt	<u>431,604,480</u>
Total net debt applicable to limit	<u>121,161,614</u>
Legal debt margin	<u>\$ 548,126,256</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.

City of Grand Rapids, Michigan
Pledged Revenue Coverage (unaudited)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Direct Operating	Available for	Debt Service Requirements			Coverage
		Expenses ²	Debt Service	Principal	Interest	Total	
<u>Water Supply System Fund:</u>							
2011	44,619,806	25,367,275	19,252,531	8,760,000	6,971,090	15,731,090	1.22
2012	46,561,423	24,548,041	22,013,382	9,110,000	5,782,527	14,892,527	1.48
2013	47,062,960	23,551,763	23,511,197	9,577,838	5,620,135	15,197,973	1.55
2014	43,659,098	23,906,882	19,752,216	10,406,000	5,409,250	15,815,250	1.25
2015	42,329,577	21,233,153	21,096,424	9,975,593	4,364,828	14,340,421	1.47
2016	44,354,200	24,195,366	20,158,834	10,520,000	4,207,769	14,727,769	1.37
2017	46,783,375	27,503,944	19,279,431	11,235,750	4,409,744	15,645,494	1.23
2018	49,579,416	24,307,415	25,272,001	6,575,000	3,915,535	10,490,535	2.41
2019	51,335,340	29,291,516	22,043,824	7,060,000	5,233,955	12,293,955	1.79
2020	51,668,051	28,367,378	23,300,673	3,775,000	5,649,846	9,424,846	2.47
<u>Sewage Disposal System Fund:</u>							
2011	51,112,288	23,287,934	27,824,354	7,881,357	11,086,778	18,968,135	1.47
2012	52,720,174	23,396,338	29,323,836	8,216,281	12,010,113	20,226,394	1.45
2013	49,525,204	24,620,944	24,904,260	8,574,061	11,779,929	20,353,990	1.22
2014	50,035,417	23,591,788	26,443,629	10,271,776	12,089,764	22,361,540	1.18
2015	52,306,225	22,549,030	29,757,195	7,464,372	12,571,402	20,035,774	1.49
2016	54,728,599	25,256,696	29,471,903	7,614,704	11,529,417	19,144,121	1.54
2017	54,599,465	28,365,449	26,234,016	7,730,000	11,625,970	19,355,970	1.36
2018	56,810,453	27,647,714	29,162,739	9,475,000	12,450,620	21,925,620	1.33
2019	60,801,802	31,090,579	29,711,223	8,935,000	12,977,195	21,912,195	1.36
2020	63,371,023	30,778,153	32,592,870	9,310,000	13,872,244	23,182,244	1.41

Notes: (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 2011-2019. 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 2011-2019. 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.

City of Grand Rapids, Michigan
Demographic Statistics (unaudited)

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Income ²	Median Age ²	School Enrollment ³	Unemployment ⁴
2011	188,040	\$ 4,230,147,840	\$ 22,496	35.9	17,560	12.4%
2012	189,813	3,742,353,108	19,716	31.2	17,091	10.0
2013	190,426	3,749,297,514	19,689	30.6	16,498	8.7
2014	192,285	4,034,908,440	20,984	31.6	15,983	8.1
2015	193,793	4,386,504,555	22,635	30.4	16,852	5.5
2016	195,099	4,007,723,658	20,542	32.1	16,692	4.2
2017	192,416	4,300,690,016	22,351	31.1	16,827	4.3
2018	198,829	4,320,554,170	21,730	31.1	16,587	4.7
2019	200,217	4,650,039,825	23,225	31.1	16,157	3.8
2020	201,013	4,995,575,076	24,852	31.0	15,313	8.1

Notes:

¹ 2011-2020: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

² 2011: The Right Place, Inc.- Grand Rapids Combined Statistical Area (CSA)
 2012-2020: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2011-2014: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
 2015-2020: 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.

City of Grand Rapids, Michigan
Principal Local Employers (unaudited)
Current Year and Nine Years Previous

Employer	Type of Business	2020			2011		
		West Michigan Employees	Rank	Total City Employment	West Michigan Employees	Rank	Total City Employment
Spectrum Health	Hospital and medical services	25,000	1	21.5 %	16,600	1	13.4 %
Meijer, Inc.	Retailer	10,340	2	8.9	7,725	2	6.2
Mercy Health	Hospital and medical services	8,500	3	7.3			
Gentex Corporation	Glass products manufacturing for autos	5,800	4	5.0			
Gordon Food Service Inc.	Wholesale/Distribution	5,000	5	4.3			
Amway Corporation	Consumer products manufacturing	3,791	6	3.3	4,000	5	3.2
Herman Miller, Inc.	Furniture manufacturing	3,621	7	3.1			
Perrigo Company	Pharmaceutical manufacturing	3,500	8	3.0			
Steelcase, Inc.	Furniture manufacturing	3,500	9	3.0	3,227	7	2.6
Farmer's Insurance Group	Insurance	3,500	10	3.0			
Grand Valley State University	Education				3,091	8	2.5
Grand Rapids Public Schools	Education				3,297	6	2.7
Spartan Stores, Inc.	Food distributor and retailer				4,258	4	3.4
Axios, Inc.	Human resources and employment services				7,372	3	5.9
St. Mary's Health Care	Hospital and medical services				2,672	9	2.2
Metro Health Hospital	Hospital and medical services				2,284	10	1.8
		<u>72,552</u>		<u>62.4 %</u>	<u>54,526</u>		<u>43.9 %</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self-reported employment by the largest employers in West Michigan. The complete list of employers is available at www.rightplace.org/data-center/workforce. As principal local employer information was not available for 2019 from the Right Place, Inc., the figures above reflect 2017 data.

According to the US Census data for 2017, while 33% of employed city residents work in the city, 67% of employed city residents work in the surrounding area. Non-city residents fill 76% of the employment in the city. Percentages are based on the total employment in the city of 116,311 persons in 2017 and 124,193 in 2011. Focusing on employers in the region rather than the city provides a better indication of the potential economic impact on the city of a closure or relocation of one or more of the major local employers.

City of Grand Rapids, Michigan
Full-time Equivalent City Government Employees by Department (unaudited)
Last Ten Fiscal Years

Department	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessor	16.0	16.0	16.0	15.0	14.2	14.2	13.9	15.2	15.2	15.2
Attorney	16.0	16.0	15.0	15.0	15.0	17.0	17.0	17.0	17.0	18.0
City Clerk	9.0	9.0	9.0	10.0	9.0	9.0	10.0	11.0	11.0	11.0
Community Development	23.0	25.0	20.0	17.0	14.6	14.6	14.9	15.4	15.4	15.4
Comptroller	15.0	15.0	16.0	16.0	16.3	17.0	17.0	15.0	15.0	15.0
311 Customer Service	-	-	-	10.0	12.0	13.0	13.0	14.0	14.0	14.1
Dispatch	51.0	51.0	51.0	51.0	53.5	53.5	44.0	42.8	42.8	46.0
61st District Court ¹	90.3	90.3	88.1	87.5	85.8	87.3	92.0	92.0	93.0	90.0
Economic Development	4.0	4.0	4.0	1.5	1.2	1.2	1.2	2.2	2.2	2.2
Engineering	50.0	42.0	24.0	26.0	29.4	35.4	36.3	39.1	39.1	40.0
Environmental Services/Sewage	116.0	113.0	98.0	97.7	114.9	117.4	118.2	118.2	119.3	137.3
Equal Opportunity (Admin Services)	5.0	5.0	5.0	4.3	3.3	4.3	4.3	4.3	4.3	4.0
Executive	11.0	11.0	11.0	11.0	11.0	12.8	12.2	18.1	22.2	18.3
Facilities Management	13.0	12.0	12.0	11.8	12.1	12.1	13.7	13.6	13.6	14.6
Fire	235.0	235.0	235.0	189.5	189.5	198.5	198.0	199.0	198.8	199.3
Fiscal Services	9.0	10.0	10.0	10.0	9.5	9.5	9.5	11.3	9.3	8.8
Human Resources	15.0	15.0	15.0	14.3	15.0	19.4	20.2	20.2	20.2	20.8
Income Tax	16.0	17.0	14.0	14.0	14.2	15.2	15.2	16.2	16.2	17.2
Information Technology	5.0	4.0	4.0	4.0	3.4	4.4	3.3	3.3	2.3	3.3
Motor Equipment	32.0	33.0	33.0	32.7	33.7	34.7	33.3	33.4	33.4	34.7
Neighborhood Improvement (Building Inspections)	37.0	37.0	42.0	43.0	44.3	49.2	50.9	56.4	57.4	59.5
Parking Services	29.0	31.0	31.0	32.9	25.1	36.5	38.3	40.3	43.5	45.8
Parks and Recreation	23.0	34.0	31.0	26.0	27.2	31.2	35.2	36.9	37.1	41.6
Planning	9.0	9.0	10.0	11.0	12.3	14.3	13.9	13.4	11.0	13.7
Police	346.0	338.0	328.0	304.0	369.5	321.0	320.0	325.0	325.0	334.0
Public Library ¹	167.0	168.0	165.0	152.0	149.0	150.0	152.0	153.0	156.5	156.5
Streets & Sanitation	96.0	82.0	79.0	74.3	63.8	73.5	75.5	77.4	76.9	123.5
Traffic Safety	33.0	33.0	35.0	34.5	36.4	38.4	37.7	38.1	37.5	23.8
Treasurer	19.0	19.0	19.0	18.0	18.0	18.0	18.0	17.0	17.0	17.0
Water	161.0	157.0	156.0	140.0	128.0	110.3	112.1	112.1	115.0	117.0
Seasonal and Other FTEs ¹	100.8	129.5	86.3	122.6	80.0	97.0	114.2	112.0	116.6	64.3
	<u>1,752</u>	<u>1,761</u>	<u>1,662</u>	<u>1,597</u>	<u>1,611</u>	<u>1,629</u>	<u>1,655</u>	<u>1,682</u>	<u>1,698</u>	<u>1,721</u>

Notes: 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.

City of Grand Rapids, Michigan
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Archives										
Requests ²	1,300	1,300	1,300	1,300	1,300	1,340	1,728	1,501	1,835	3,488
Boxes Stored ⁵	14,147	14,147	14,147	14,147	14,147	14,147	14,147	14,147	14,147	-
Cubic feet of Records Stored ⁵	-	-	-	-	-	-	-	-	-	17,102
Clerk										
Voters in November election	50,939	18,042	81,616	16,114	49,153	20,085	85,483	16,114	77,286	28,625
Public Safety										
Fire										
Total calls ²	19,634	21,453	22,372	21,422	21,885	22,256	23,166	24,020	22,395	24,124
Civilian fire deaths ²	-	5	2	1	2	1	2	3	3	2
Police										
Major crimes ²	7,872	7,846	8,483	8,482	6,948	6,288	5,760	5,432	5,405	5,121
Physical Arrests ²	15,227	16,550	16,823	13,235	14,477	14,756	15,142	13,174	13,094	10,869
Public Works										
Refuse										
Tons of refuse picked up	27,469	26,458	23,071	23,590	24,613	26,305	26,683	28,154	31,873	35,708
Tons of recycling removed	8,279	9,579	9,905	10,669	10,647	10,118	10,042	9,852	7,244	6,501
Culture and Recreation										
Parks and Recreation										
Open swim participants	24,320	31,986	23,315	28,609	51,515	52,432	51,663	39,709	46,585	31,564
Swimming lesson participants	840	623	292	442	537	357	345	413	388	223
Softball league teams	192	183	156	129	120	104	95	86	87	34
Public Library										
Library card holders	66,453	66,631	65,873	75,490	70,079	69,481	66,966	66,799	66,073	70,855
Total user count	1,061,188	1,024,530	983,299	945,977	912,354	782,899	747,582	683,574	697,626	450,502
Local history collection users	39,323	42,560	38,744	35,349	36,356	35,663	35,524	34,819	40,138	25,127
Total circulation of materials	1,754,621	1,740,784	1,666,349	1,629,037	1,604,614	1,598,076	1,372,104	1,407,132	1,423,581	1,171,695
Urban and Community Development										
Building permits issued	1,841	2,074	2,314	2,281	2,552	2,662	2,900	2,884	2,938	2,640
Construction value	\$ 130,890,000	\$ 165,540,000	\$ 308,220,000	\$ 312,800,000	\$ 245,710,000	\$ 459,870,000	\$ 411,570,000	\$ 497,580,000	\$ 495,340,000	\$ 437,700,000
Business-type Activities										
Cemeteries										
Burials	494	492	469	408	436	394	408	378	366	385
Parking System										
Event and visitor parking	871,154	935,131	1,058,931	1,021,804	1,090,636	1,108,270	1,108,799	1,437,848	1,630,032	1,176,953
Sewage Disposal System										
Number of retail customers	74,117	73,960	73,956	74,146	74,415	74,628	74,805	75,052	75,241	75,524
New connections	181	165	275	288	330	303	259	282	306	288
Billions of gallons treated ³	15.322	14.921	15.100	15.062	14.753	18.819	15.367	14.705	16.005	16.968
Peak daily flow (millions of gal.)	85.10	84.60	82.10	71.80	87.65	76.30	80.10	88.30	80.00	87.70
Average daily flow (millions of gal.)	42.00	40.90	41.40	41.40	40.53	40.60	42.10	40.37	43.89	46.33
Water Supply System										
Number of retail customers ⁴	80,477	78,616	79,794	80,813	82,163	83,340	85,103	86,418	79,875	80,242
New connections	174	317	277	287	326	315	273	305	389	310
Billions of gallons produced	12.488	13.176	13.438	12.997	12.364	12.623	12.565	13.525	12.911	12.735
Peak daily flow (millions of gal.)	62.78	70.24	80.24	63.70	63.02	64.02	69.77	66.39	77.14	63.14
Average daily flow (millions of gal.)	34.20	36.00	36.70	35.60	33.84	34.68	34.39	37.01	35.31	34.77

- Notes:**
- (1) Information provided by the responsible departments
 - (2) Calendar information for the previous calendar year
 - (3) Effective FY14, number of gallons treated changed to fiscal year; 2010-2013 revised accordingly
 - (4) In FY14, number of customers for 2010-2013 adjusted per final water rate study. In FY 2019, customers adjusted due to updated meter count.
 - (5) In FY20, we determined cubic feet of records stored as a more accurate metric to track activity in our Archives program as opposed to boxes stored.

City of Grand Rapids, Michigan
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Public Works										
Streetlights	20,178	20,178	20,178	20,178	20,178	19,307	18,539	18,037	18,037	18,037
Streets										
Miles of paved streets-major	206	206	206	206	206	206	206	206	211	207
Miles of paved streets-local	388	388	388	287	387	387	387	387	393	387
Culture and Recreation										
Parks and Recreation										
Number of major parks	71	71	71	71	71	71	71	71	71	71
Number of swimming pools	9	9	9	9	9	3	3	3	3	3
Number of ball diamonds	74	74	74	74	74	74	74	74	74	74
Supervised playgrounds	22	10	0	0	0	0	1	1	1	0
Public Library										
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Business-type Activities										
Parking System										
Parking garages	8	8	8	8	8	8	8	8	8	8
DASH buses	8	8	8	8	8	8	10	10	10	14
Sewage Disposal System										
Miles of sanitary sewers	904	904	905	907	910	913	913	915	920	921
Water Supply System										
Miles of water mains	1,160	1,161	1,163	1,165	1,167	1,169	1,175	1,178	1,185	1,187

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