



**CITY OF EAST GRAND RAPIDS, MICHIGAN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*FOR THE YEAR ENDED JUNE 30, 2022*

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***FOR THE YEAR ENDED JUNE 30, 2022***

***Prepared by: Finance Department***

# CITY OF EAST GRAND RAPIDS

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## **INTRODUCTORY SECTION**



# ***The City of East Grand Rapids***

December 12, 2022

## **To the Honorable Mayor, Members of the City Commission and Citizens of the City of East Grand Rapids:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of all information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Vredeveld Haefner, a firm of licensed certified public accountants, has issued an unmodified opinion on the City of East Grand Rapids's financial statements for the year ended June 30, 2022. The independent auditors' report is presented at the front of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditors' report.

### **Profile of the Government**

The City of East Grand Rapids (EGR) was settled in the 1830s and built around the 283-acre Reeds Lake (the largest of the two lakes within the city). EGR was a popular daytime resort for the citizens of Grand Rapids. Incorporated as a village in 1891, a city in 1926, it is one of the oldest communities in Kent County. Within the city's 3.4 square miles is more than 179 acres of public parkland including 6 acres of waterfront; a 43-acre woodland; conserved wetlands; trails; and other recreational fields and facilities. Based on the 2020 census the population of EGR is 11,406.

EGR is commission/manager form of local government where all department directors are hired by and report to the city manager. Six non-partisan commissioners represent three wards (two elected officials from each ward) and serve staggered four year-terms. The Mayor is elected at-large and serves a four-year term as well. Elections are held every two years in November of odd years. The commission appoints the city manager, clerk, finance director/treasurer, attorney and assessor. The commission sets policy and direction, approves the budget, major expenditures, contracts, sets fees and water and sewer rates while serving as the legislative authority through the approval of ordinances and major

planning initiatives. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically, when deemed appropriate by the city commission.

The city is managed by a professional senior staff. The executive team includes the city manager, finance director; public safety director; director of public works/deputy city manager; parks and recreation director and the city clerk who also serves as the administrative assistant to the city manager and mayor. The city manager retains responsibility for labor relations and oversight of human resources functions. The city provides a full range of services, including police; construction and maintenance of streets, and other infrastructure (including water & sewer) garbage collection; recreational activities; and cultural events.

The city commission is required to adopt a final budget by the third Monday in June for the ensuing fiscal year. This annual budget serves as the foundation for the city's financial planning and control. The budget is prepared by fund, function, and department. Department heads may transfer resources within a department. Transfers between departments, however, require approval of the commission.

### **Factors Affecting Economic Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the city operates as described below:

#### *Local economy*

Many municipalities in Michigan are struggling to address the fundamental flaws in the existing local government financing system. The combined effect of Proposal A and the Headlee Amendment caps a city's ability to generate revenue at the rate of inflation, while the costs of providing services continue to increase faster than inflation. As taxable values recover, these factors will impede growth in property tax revenues. The state and federal government also limit a city's ability to raise non-tax revenue.

The city's tax base excluding personal property grew by 3.397%, slightly lower than the prior year increase of 4.33%. The city's State Equalized Value (SEV) for real property increased by 6.28% and overall (real and personal) grew by 6.26%. While this is encouraging, based on the effects of the Headlee Amendment this increase will result in reducing the city's operating millage. The rollback reduced the operating millage for 2021/2022 to 11.7975 from the prior year's maximum of 12.0322.

#### *Major initiatives*

In November 2021 East Grand Rapids voters approved a \$7 Million bond request to update the city's playgrounds, parks, and trails. This bond will be funded through a millage. The first round of playground improvements will be in the summer of 2023.

The Public Works continues to work to enhance the community's infrastructure. The city ended with a higher than expected PASER rating (street rating system) with 87% of city streets are rated fair-excellent. The following are some high-level accomplishments by the public works department in 2022.

- Over 5.08 total miles of street construction, \$1,217,000
- 3,050 feet of water main rehabilitation (system stretches 53 miles), \$608,100
- 3,392 feet of sewer line rehabilitation (system stretches 42 miles), \$120,000
- 1.142 feet of storm sewer rehabilitation (system stretches 39 miles), \$142,000

In July of 2022, the Mobility-Bike Action Plan Implementation was approved. During the summer and fall of 2022 all short-term projects as well as some mid and long-term projects were completed to provide for a safe and connected network of cycling facilities within East Grand Rapids and to adjacent communities.

### *Budgeting and internal controls*

In accordance with state law, the city's budget is prepared on the modified accrual basis for governmental funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued leave time benefits. Governmental funds, such as the general fund, special revenue funds, debt service funds and capital project funds are reported on the modified accrual basis. The city's enterprise and internal service funds report on the accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred. All funds' budgets are reviewed for budget to actual variances quarterly.

In developing and evaluating the city's accounting system, consideration has been given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintain accountability for assets. The concept of reasonable assurance recognizes that : (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

### *Financial policies*

The city's investment policy is to invest public funds in a manner which will provide the highest investment return with maximum security, while meeting daily cash flow demands and conforming to all state statutes and local ordinances governing the investment of public funds. The city's investment objections are safety, liquidity, and yield. Disbursement, collection, and deposit of all funds will be managed to ensure that all cash is invested promptly until needed. The City will strive to maximize the return on the portfolio, with the primary objective of preserving capital by prudent investment practices.

### *Long-term financial planning*

City staff is constantly evaluating current and future economic challenges and will make necessary structural changes that may result from these challenges. The city commission is committed to strategies designed to ensure the long-term health of the city. One of the ways to accomplish this is to develop an ongoing financial forecasting model. The city has recently implemented a multi-year financial forecast. By seeing what potential outcomes are available, the city can position itself to deal with its future more adequately.

The city is committed to addressing long-term legacy costs. Since leaving MERS the city has already seen the advantage of making immediate changes in pension contributions to reflect the current market and up to date actuarial evaluations. When under MERS these changes happened anywhere from 18-24 months after the market change, which was usually too late to really make a difference. The city continues to seek ways to lessen long-term retirement liabilities to achieve the financial goal of maintaining long-term financial stability.

## Awards and Acknowledgements

The city transitioned this fiscal year to a basic financial statement annual audited report to an Annual Comprehensive Financial Report (ACFR) for year ending June 30, 2022. The City plans to submit their audit to Government Financial Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. This award recognizes municipalities that prepare their annual financial reports transparently and with full disclosure.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of East Grand Rapids' finances.

Respectfully submitted,

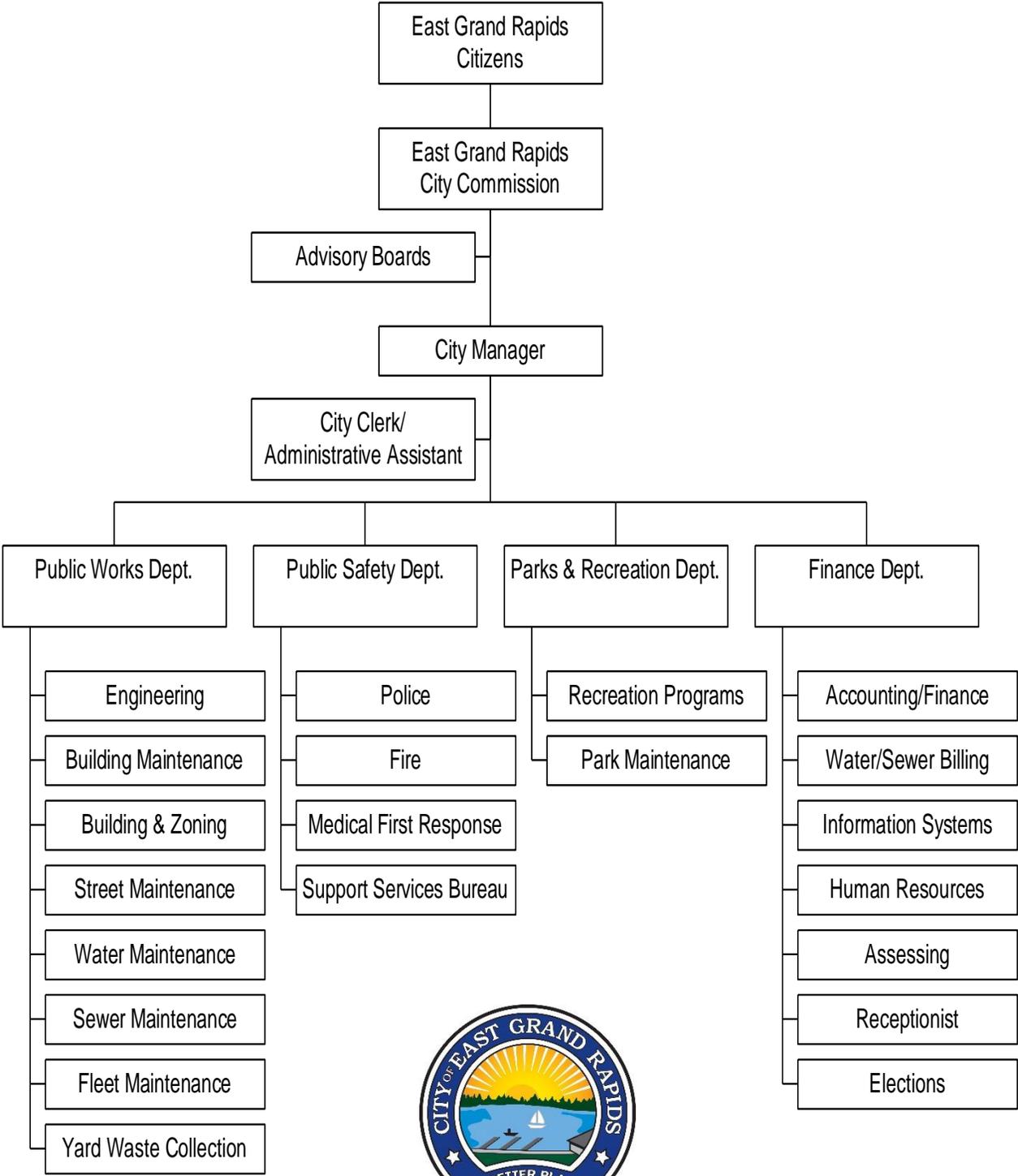


Sharla Seath, Finance Director



Shea Charles, City Manager

# East Grand Rapids Organizational Chart



# City of East Grand Rapids, Michigan

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## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2022

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### City Officials at June 30, 2022

**Katie Favale**  
Mayor

**Kris Pachla**

**Marc Schulz**

**Chris Wessley**

**Karey Hamrick**

**John Arendshorst**

**Laura Schwartz**

**Shea Charles**  
City Manager

Prepared by  
City of East Grand Rapids  
Finance Department

## **FINANCIAL SECTION**



# Vredeveld Haefner LLC

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(616) 446-7474  
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## INDEPENDENT AUDITORS' REPORT

December 12, 2022

Honorable Mayor and Members of the City Commission  
City of East Grand Rapids, Michigan

### Report on the Audit of the Financial Statements

#### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and budgetary comparison and benefit plan trend information on pages 45 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

#### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Uredaxold Haefner LLC*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Management's Discussion and Analysis

As management of the City of East Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

## Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2022 fiscal year as follows:

- Significant road and sidewalk projects continue to be completed due to the passing of the dedicated road and sidewalk millage in May of 2015. The City completed 3.88 miles of various types of projects in the current Fiscal Year. Total expenditures for these projects were \$1,717,000.
- In the motor pool equipment replacement fund, \$401,453 was invested in various vehicle and equipment replacements.
- Water and sewer rates remained the same for FY 2022. Capital expenditures of \$753,041 were spent in this fiscal year on water and sewer projects.
- Payroll included 66 full-time and 7 part-time positions with total salary expenditures of approximately \$5,821,016.

## Overview of the Financial Statements

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

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

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

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

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

**Fund financial statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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, major streets, local streets, municipal streets, and ARPA funds which are considered to be major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual appropriated budget for its general fund and all special revenue funds as required by state law. Budgetary comparison schedules have been provided herein to demonstrate legal compliance.

**Proprietary funds** The City maintains one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operation. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes internal service funds to account for its motor pool and self-insurance activities. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operation, which is considered to be a major fund of the City. Conversely, internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements.

**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 statement because the resources of these 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.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension and OPEB information and major fund budget and actual presentations. Supplemental information follows the required supplementary information and includes combining and individual fund statements and schedules.

## Government-wide Financial Analysis

**Statement of Net Position** As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$31,834,130 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

### Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$17,833,411	\$ 9,414,344	\$ 1,879,473	\$ 1,788,633	\$19,712,884	\$11,202,977
Long-term assets	26,977,333	27,039,744	12,990,112	12,825,555	39,967,445	39,865,299
<b>Total assets</b>	<b>44,810,744</b>	<b>36,454,088</b>	<b>14,869,585</b>	<b>14,614,188</b>	<b>59,680,329</b>	<b>51,068,276</b>
<b>Deferred outflows of resources</b>	<b>1,931,874</b>	<b>785,120</b>	<b>25,910</b>	<b>25,613</b>	<b>1,957,784</b>	<b>810,733</b>
<b>Liabilities</b>						
Current liabilities	3,988,231	2,186,275	370,499	634,312	4,358,730	2,820,587
Long-term liabilities	23,948,142	18,284,125	79,582	84,361	24,027,724	18,368,486
<b>Total liabilities</b>	<b>27,936,373</b>	<b>20,470,400</b>	<b>450,081</b>	<b>718,673</b>	<b>28,386,454</b>	<b>21,189,073</b>
<b>Deferred inflows of resources</b>	<b>1,373,084</b>	<b>1,525,228</b>	<b>44,445</b>	<b>35,594</b>	<b>1,417,529</b>	<b>1,560,822</b>
<b>Net position</b>						
Net investment in capital assets	20,846,358	21,147,644	12,990,112	12,825,555	33,836,470	33,973,199
Restricted	2,264,399	1,651,644	-	-	2,264,399	1,651,644
Unrestricted (deficit)	(5,696,379)	(7,555,708)	1,410,857	1,059,979	(4,285,522)	(6,495,729)
<b>Total net position</b>	<b>\$17,433,161</b>	<b>\$15,243,580</b>	<b>\$14,400,969</b>	<b>\$13,885,534</b>	<b>\$31,834,130</b>	<b>\$29,129,114</b>

The City's unrestricted net position in governmental activities is in a deficit position as a result of recording the net pension and net other post-employment benefits liabilities. Net investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding was \$33,900,994 at the end of the current fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position in the amount of \$2,264,399 represents resources that are subject to external restrictions on how they may be used.

**Statement of Activities** The City's total revenue for the fiscal year ended June 30, 2022, was \$20,821,459 while total cost of all programs and services was \$18,116,443. This resulted in an increase in net position of \$2,705,016. The following table presents a summary of the changes in net position for the years ended June 30.

## Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,731,512	\$ 1,421,312	\$ 4,614,600	\$ 4,723,144	\$ 6,346,112	\$ 6,144,456
Operating grants and contributions	1,462,150	1,780,334	-	-	1,462,150	1,780,334
Capital grants and contributions	6,848	70,477	-	-	6,848	70,477
General revenues						
Property taxes	11,418,930	11,234,211	-	-	11,418,930	11,234,211
State shared revenues	1,371,659	1,166,801	-	-	1,371,659	1,166,801
Cable franchise fees	178,947	184,172	-	-	178,947	184,172
Investment earnings	36,804	50,268	9	266	36,813	50,534
<b>Total revenues</b>	<b>16,206,850</b>	<b>15,907,575</b>	<b>4,614,609</b>	<b>4,723,410</b>	<b>20,821,459</b>	<b>20,630,985</b>
<b>Expenses</b>						
Legislative	28,188	31,136	-	-	28,188	31,136
General government	2,916,373	2,195,308	-	-	2,916,373	2,195,308
Public safety	4,172,367	7,162,737	-	-	4,172,367	7,162,737
Public works	4,742,874	4,553,985	-	-	4,742,874	4,553,985
Culture and recreation	1,947,121	1,797,671	-	-	1,947,121	1,797,671
Interest on long-term debt	210,346	189,504	-	-	210,346	189,504
Water and sewer	-	-	4,099,174	3,774,137	4,099,174	3,774,137
<b>Total expenses</b>	<b>14,017,269</b>	<b>15,930,341</b>	<b>4,099,174</b>	<b>3,774,137</b>	<b>18,116,443</b>	<b>19,704,478</b>
<b>Increase (decrease) in net position</b>	<b>2,189,581</b>	<b>(22,766)</b>	<b>515,435</b>	<b>949,273</b>	<b>2,705,016</b>	<b>926,507</b>
<b>Net position – beginning</b>	<b>15,243,580</b>	<b>15,266,346</b>	<b>13,885,534</b>	<b>12,936,261</b>	<b>29,129,114</b>	<b>28,202,607</b>
<b>Net position – ending</b>	<b>\$17,433,161</b>	<b>\$15,243,580</b>	<b>\$14,400,969</b>	<b>\$13,885,534</b>	<b>\$31,834,130</b>	<b>\$29,129,114</b>

**Governmental Activities** The preceding table shows that the governmental activities increased the City's net position by \$2,189,581 during this fiscal year. The increase is the result of changes in the various components of the net pension and other post employments benefits liabilities.

**Business-type Activities** Business-type activities increased the City's net position by \$515,435 during the year. This is a result of charges to customers designed to exceed wholesale rates of both water and sewage treatment service.

### Financial Analysis of the Government'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. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,364,561, an increase of \$6,798,896 from the prior year, which is primarily due bonds being issued for Parks and Recreation Capital Projects, projects being rolled from FY22 to FY23 because of supply chain issues as well as expenditures coming in under budget in the general fund.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, nonspendable fund balance of \$165,580 relates to prepaid asset and assigned fund balance of \$600,210 has been set aside and budgeted for subsequent year expenditures. Unassigned fund balance amounts to \$4,506,654. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 43.2% of total general fund expenditures and transfers out.

The major street fund is used to account for the receipt and expenditure of fuel and weight taxes, distributed by the State of Michigan, that are restricted for use on major streets by Act 51. The fund balance increased by \$24,827 during the current fiscal year leaving a remaining fund balance of \$918,453.

The local street fund is used to account for the receipt and expenditure of fuel and weight taxes, distributed by the State of Michigan, that are restricted for use on local streets by Act 51. The fund balance increased by \$56,340 during the current fiscal year leaving a remaining fund balance of \$507,090.

The municipal streets fund is used to account for the municipal street millage. The fund balance increased by \$486,786 during the current fiscal year leaving a remaining fund balance of \$802,626.

The ARPA fund is used to account for the receipt and expenditure of American Rescue Plan Act funds. The funds received of \$1,256,441 were not spent during the year and have been deferred as unearned revenue at year end.

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

The City's enterprise operation consists of the water and sewer fund which provides services to most residents and businesses of the City. This fund experienced an increase in net position of \$515,435 as discussed under business-type activities above.

## **Budgetary Highlights**

Revenues in the General Fund were \$12,638,375 which is 100% of the \$12,630,130 amended budgeted amount for the fiscal year. Property tax revenue was \$9,304,694 or 100% collected of the original tax roll.

Expenditures in the General Fund were \$10,584,905 or 96% of the amended budgeted amount of \$11,093,880. The budget was amended to decrease fund balance by \$92,650; however, the actual results will add \$424,570 to unrestricted fund balance which is made up of the carryover of capital items to the next fiscal year and savings throughout various departments.

## **Capital Asset and Debt Administration**

**Capital assets** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$39,967,445 (net of accumulated depreciation). Of this amount, \$26,977,333 was for its governmental activities and \$12,990,112 for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Current year additions included various equipment and several road projects.

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

**Long-term debt** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$24,027,724. Of this amount, \$9,870,000 was for governmental activities debt; \$11,590,296 related to the net pension liability and \$1,840,802 related to the liability for other post-employment benefits.

The City made payments on long-term debt of \$562,900 during the current fiscal year. The City issued additional debt for the Parks and Recreation millage/capital projects in the amount of \$5,180,000.

Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

The net pension liability increased \$1,323,916 based on market earnings for the Fiscal Year while the net OPEB liability decreased \$181,027.

## **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered in preparing the City's budget for the 2023 fiscal year:

- The General Fund expenditure budget for next year (FY23) will see an increase from FY22 adopted budget close to an additional \$800,000. \$650,000 of this \$800,000 is related to capital projects that the City has deferred in past years due to the uncertainty from COVID. Now that the City has received some ARPA funding and the unrestricted fund balance is well above the required 15-20% these projects can now move forward. Budgeted revenues are less than budgeted expenditures by \$600,210. General Fund unrestricted ending balance for the year ending June 30, 2023 is budgeted to still be above the required 15-20% at 34.4%.
- Property taxes, which comprise 75% of the General Fund budget, were increased by 4.5% in the June 30, 2023 budget. This is due to a taxable value increase of 5.5%.
- Due to an increase of taxable value over the inflation rate of 1.03%, a rollback of the City millage resulted. The General Fund budget for the year ended June 30, 2023 budget contains a property tax levy of 11.5215, which is the maximum available under the Headlee Amendment.

## **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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, City of East Grand Rapids, 750 Lakeside Drive SE, East Grand Rapids, MI 49506.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and pooled investments	\$ 16,831,424	\$ 1,248,934	\$ 18,080,358
Accounts receivable	224,238	571,881	796,119
Due from other governments	446,435	-	446,435
Inventory	84,710	57,458	142,168
Prepaid items	246,604	1,200	247,804
Capital assets			
Land	2,218,753	-	2,218,753
Depreciable capital assets, net	<u>24,758,580</u>	<u>12,990,112</u>	<u>37,748,692</u>
<b>Total assets</b>	<u>44,810,744</u>	<u>14,869,585</u>	<u>59,680,329</u>
<b>Deferred outflows of resources</b>			
Pension related	1,135,813	-	1,135,813
OPEB related	<u>796,061</u>	<u>25,910</u>	<u>821,971</u>
<b>Total deferred outflows of resources</b>	<u>1,931,874</u>	<u>25,910</u>	<u>1,957,784</u>
<b>Liabilities</b>			
Accounts payable	1,231,469	346,167	1,577,636
Accrued liabilities	406,879	9,751	416,630
Unearned revenue	1,389,242	-	1,389,242
Compensated absences	321,441	14,581	336,022
Debt due within one year	639,200	-	639,200
Noncurrent liabilities			
Net other post-employment benefits liability	1,761,220	79,582	1,840,802
Net pension liability	11,590,296	-	11,590,296
Bond premium	726,626	-	726,626
Debt due in more than one year	<u>9,870,000</u>	<u>-</u>	<u>9,870,000</u>
<b>Total liabilities</b>	<u>27,936,373</u>	<u>450,081</u>	<u>28,386,454</u>
<b>Deferred inflows of resources</b>			
OPEB related	1,308,560	44,445	1,353,005
Deferred gain on bond refunding	<u>64,524</u>	<u>-</u>	<u>64,524</u>
<b>Total deferred inflows of resources</b>	<u>1,373,084</u>	<u>44,445</u>	<u>1,417,529</u>
<b>Net position</b>			
Net investment in capital assets	20,846,358	12,990,112	33,836,470
Restricted for			
Streets	2,228,169	-	2,228,169
Capital projects	1,483	-	1,483
Public safety	27,911	-	27,911
Debt service	25,619	-	25,619
Unrestricted (deficit)	<u>(5,696,379)</u>	<u>1,410,857</u>	<u>(4,285,522)</u>
<b>Total net position</b>	<u>\$ 17,433,161</u>	<u>\$ 14,400,969</u>	<u>\$ 31,834,130</u>

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

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities					
Legislative	\$ 28,188	\$ -	\$ -	\$ -	\$ (28,188)
General government	2,916,373	484,407	37,085	-	(2,394,881)
Public safety	4,172,367	38,368	-	2,135	(4,131,864)
Public works	4,742,874	145,110	1,425,065	4,713	(3,167,986)
Parks and recreation	1,947,121	1,063,627	-	-	(883,494)
Interest on long-term debt	210,346	-	-	-	(210,346)
<b>Total governmental activities</b>	<b>14,017,269</b>	<b>1,731,512</b>	<b>1,462,150</b>	<b>6,848</b>	<b>(10,816,759)</b>
Business-type activities					
Water and sewer	4,099,174	4,614,600	-	-	515,426
<b>Total primary government</b>	<b>\$ 18,116,443</b>	<b>\$ 6,346,112</b>	<b>\$ 1,462,150</b>	<b>\$ 6,848</b>	<b>\$ (10,301,333)</b>

(continued)

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

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	\$ (10,816,759)	\$ 515,426	\$ (10,301,333)
General revenues			
Property taxes	11,418,930	-	11,418,930
State shared revenues	1,371,659	-	1,371,659
Cable franchise fees	178,947	-	178,947
Unrestricted investment earnings	36,804	9	36,813
Total general revenues and transfers	<u>13,006,340</u>	<u>9</u>	<u>13,006,349</u>
Change in net position	2,189,581	515,435	2,705,016
<b>Net position, beginning of year</b>	<u>15,243,580</u>	<u>13,885,534</u>	<u>29,129,114</u>
<b>Net position, end of year</b>	<u>\$ 17,433,161</u>	<u>\$ 14,400,969</u>	<u>\$ 31,834,130</u>

(concluded)

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

**CITY OF EAST GRAND RAPIDS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2022**

	General	Special Revenue				Capital Project Parks	Nonmajor Governmental Funds	Total
		Major Streets	Local Streets	Municipal Streets	ARPA			
<b>Assets</b>								
Cash and pooled investments	\$ 5,257,178	\$ 945,646	\$ 1,051,117	\$ 948,648	\$ 1,257,924	\$ 5,804,275	\$ 54,417	\$ 15,319,205
Accounts receivable	126,701	-	-	-	-	-	68,411	195,112
Due from other governments	235,627	153,319	57,489	-	-	-	-	446,435
Inventory	-	14,278	14,278	-	-	-	-	28,556
Prepaid items	165,580	-	-	-	-	-	-	165,580
<b>Total assets</b>	<b>\$ 5,785,086</b>	<b>\$ 1,113,243</b>	<b>\$ 1,122,884</b>	<b>\$ 948,648</b>	<b>\$ 1,257,924</b>	<b>\$ 5,804,275</b>	<b>\$ 122,828</b>	<b>\$ 16,154,888</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 272,022	\$ 191,234	\$ 612,238	\$ 146,022	\$ -	\$ -	\$ -	\$ 1,221,516
Accrued liabilities	107,819	3,556	3,556	-	-	6,000	-	120,931
Unearned revenue	132,801	-	-	-	1,256,441	-	-	1,389,242
<b>Total liabilities</b>	<b>512,642</b>	<b>194,790</b>	<b>615,794</b>	<b>146,022</b>	<b>1,256,441</b>	<b>6,000</b>	<b>-</b>	<b>2,731,689</b>
<b>Deferred inflows of resources</b>								
Unavailable receivables	-	-	-	-	-	-	58,638	58,638
<b>Fund balances</b>								
<b>Nonspendable</b>								
Inventory	-	14,278	14,278	-	-	-	-	28,556
Prepaid items	165,580	-	-	-	-	-	-	165,580
<b>Restricted</b>								
Streets	-	904,175	492,812	802,626	-	-	9,773	2,209,386
<b>Public safety</b>								
Federal portion	-	-	-	-	-	-	11,892	11,892
State portion	-	-	-	-	-	-	16,019	16,019
Debt service	-	-	-	-	-	-	25,619	25,619
<b>Committed</b>								
Turf replacement	-	-	-	-	-	538,900	-	538,900
Playgrounds	-	-	-	-	-	90,000	-	90,000
Park improvements	-	-	-	-	-	5,169,375	-	5,169,375
<b>Assigned</b>								
Public safety	-	-	-	-	-	-	887	887
Capital projects	-	-	-	-	1,483	-	-	1,483
Subsequent year expenditures	600,210	-	-	-	-	-	-	600,210
Unassigned	4,506,654	-	-	-	-	-	-	4,506,654
<b>Total fund balances</b>	<b>5,272,444</b>	<b>918,453</b>	<b>507,090</b>	<b>802,626</b>	<b>1,483</b>	<b>5,798,275</b>	<b>64,190</b>	<b>13,364,561</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,785,086</b>	<b>\$ 1,113,243</b>	<b>\$ 1,122,884</b>	<b>\$ 948,648</b>	<b>\$ 1,257,924</b>	<b>\$ 5,804,275</b>	<b>\$ 122,828</b>	<b>\$ 16,154,888</b>

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

# CITY OF EAST GRAND RAPIDS

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2022

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<b>Fund balances - total governmental funds</b>	<b>\$ 13,364,561</b>
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Amounts reported for *governmental activities* in the statement of net position are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	2,218,753
Add - capital assets (net of accumulated depreciation)	22,907,903

Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.

Add - special assessments deferred receivable	58,638
---	--------

Deferred inflows and outflows relate to future years and are not reported in the funds

Add - deferred outflows from pension related items	1,135,813
Add - deferred outflows from OPEB related items	796,061
Deduct - deferred inflows from OPEB related items	(1,308,560)

Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	3,309,318
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(317,864)
Deduct - net other post-employment benefit liability	(1,761,220)
Deduct - net pension liability	(11,590,296)
Deduct - premium on bonds payable	(726,626)
Deduct - deferred gain on bond refunding	(64,524)
Deduct - long-term debt	(10,509,200)
Deduct - accrued interest on bonds payable	(79,596)

<b>Net position of governmental activities</b>	<b><u>\$ 17,433,161</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF EAST GRAND RAPIDS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue					Capital Project Parks	Nonmajor Governmental Funds	Total
	General	Major Streets	Local Streets	Municipal Streets	ARPA			
<b>Revenues</b>								
Taxes	\$ 9,304,694	\$ -	\$ -	\$ 1,418,182	\$ -	\$ -	\$ 696,054	\$ 11,418,930
Intergovernmental revenues								
State	1,382,749	1,010,952	397,351	-	-	-	-	2,791,052
Local	-	16,762	-	-	-	-	2,135	18,897
Licenses and permits	85,416	-	-	-	-	-	-	85,416
Charges for services	629,464	-	-	-	-	-	-	629,464
Recreation	1,063,627	-	-	-	-	-	-	1,063,627
Fines	29,678	-	-	-	-	-	-	29,678
Special assessments	-	-	-	-	-	-	24,619	24,619
Rentals	43,794	-	-	-	-	-	-	43,794
Investment earnings	31,861	604	16	2,126	1,483	-	-	36,090
Other	67,092	5,000	-	10,900	-	-	-	82,992
<b>Total revenues</b>	<u>12,638,375</u>	<u>1,033,318</u>	<u>397,367</u>	<u>1,431,208</u>	<u>1,483</u>	<u>-</u>	<u>722,808</u>	<u>16,224,559</u>
<b>Expenditures</b>								
Current								
Legislative	28,188	-	-	-	-	-	-	28,188
General government	2,767,518	-	-	-	-	91,181	-	2,858,699
Public safety	4,123,394	-	-	-	-	-	-	4,123,394
Public works	1,839,481	1,308,491	1,652,927	358,588	-	-	-	5,159,487
Parks and recreation	1,782,263	-	-	-	-	-	-	1,782,263
Debt service								
Principal	41,900	-	-	-	-	-	521,000	562,900
Interest	2,161	-	-	-	-	-	169,127	171,288
<b>Total expenditures</b>	<u>10,584,905</u>	<u>1,308,491</u>	<u>1,652,927</u>	<u>358,588</u>	<u>-</u>	<u>91,181</u>	<u>690,127</u>	<u>14,686,219</u>
Revenues over (under) expenditures	<u>2,053,470</u>	<u>(275,173)</u>	<u>(1,255,560)</u>	<u>1,072,620</u>	<u>1,483</u>	<u>(91,181)</u>	<u>32,681</u>	<u>1,538,340</u>
Other financing sources (uses)								
Issuance of long-term debt	-	-	-	-	-	5,180,000	-	5,180,000
Bond premium	-	-	-	-	-	80,556	-	80,556
Transfers in	-	300,000	1,311,900	526,066	-	628,900	7,273	2,774,139
Transfers out	(1,628,900)	-	-	(1,111,900)	-	-	(33,339)	(2,774,139)
Total other financing sources (uses)	<u>(1,628,900)</u>	<u>300,000</u>	<u>1,311,900</u>	<u>(585,834)</u>	<u>-</u>	<u>5,889,456</u>	<u>(26,066)</u>	<u>5,260,556</u>
Net changes in fund balances	424,570	24,827	56,340	486,786	1,483	5,798,275	6,615	6,798,896
<b>Fund balances, beginning of year</b>	<u>4,847,874</u>	<u>893,626</u>	<u>450,750</u>	<u>315,840</u>	<u>-</u>	<u>-</u>	<u>57,575</u>	<u>6,565,665</u>
<b>Fund balances, end of year</b>	<u>\$ 5,272,444</u>	<u>\$ 918,453</u>	<u>\$ 507,090</u>	<u>\$ 802,626</u>	<u>\$ 1,483</u>	<u>\$ 5,798,275</u>	<u>\$ 64,190</u>	<u>\$ 13,364,561</u>

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

# CITY OF EAST GRAND RAPIDS

## 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, 2022

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 6,798,896</b>
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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 are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	2,045,011
Deduct - depreciation expense	(2,212,255)

Some receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

Deduct - special assessment receipts	(19,906)
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Deduct - issuance of debt	(5,180,000)
Deduct - premium on bonds issued	(80,556)
Add - principal payments on debt	562,900
Add - amortization of bond premium	115,494

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 the funds.

Add - decrease in compensated absences	9,218
Add - decrease in net other post-employment benefits liability	176,248
Add - increase in deferred outflows from OPEB related items	10,941
Deduct - increase in deferred inflows from OPEB related items	(326,409)
Deduct - increase in net pension liability	(1,323,916)
Add - increase in deferred outflows from pension related items	1,135,813
Add - decrease in deferred inflows from pension related items	468,066
Deduct - increase in accrued interest	(39,058)

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - increase in net position of the internal service funds	<u>49,094</u>
--	---------------

<b>Change in net position of governmental activities</b>	<b><u>\$ 2,189,581</u></b>
--	----------------------------

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

**CITY OF EAST GRAND RAPIDS**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Internal Service Funds</b>
<b>Assets</b>		
Current assets		
Cash and pooled investments	\$ 1,248,934	\$ 1,512,219
Accounts receivable	571,881	29,126
Prepaid items	1,200	81,024
Inventory	<u>57,458</u>	<u>56,154</u>
Total current assets	1,879,473	1,678,523
Capital assets		
Depreciable capital assets, net	<u>12,990,112</u>	<u>1,850,677</u>
<b>Total assets</b>	<u>14,869,585</u>	<u>3,529,200</u>
<b>Deferred outflows of resources</b>		
OPEB related items	<u>25,910</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	346,167	9,953
Accrued liabilities	9,751	206,352
Compensated absences	<u>14,581</u>	<u>3,577</u>
Total current liabilities	370,499	219,882
Long-term liabilities		
Net other post-employment benefits liability	<u>79,582</u>	<u>-</u>
<b>Total liabilities</b>	<u>450,081</u>	<u>219,882</u>
<b>Deferred inflows of resources</b>		
OPEB related items	<u>44,445</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	12,990,112	1,850,677
Unrestricted	<u>1,410,857</u>	<u>1,458,641</u>
<b>Total net position</b>	<u>\$ 14,400,969</u>	<u>\$ 3,309,318</u>

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

**CITY OF EAST GRAND RAPIDS**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Enterprise Fund Water and Sewer</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Operating revenue</b>		
Charges for services	\$ 4,553,680	\$ 1,893,533
Other	60,920	159,991
<b>Total operating revenue</b>	<u>4,614,600</u>	<u>2,053,524</u>
<b>Operating expense</b>		
Personnel services	689,250	179,610
Contractual services	1,271,652	469,643
Materials and supplies	1,066,544	241,645
Equipment	170,857	6,960
Claims	-	630,024
Administration	289,973	166,525
Depreciation	588,484	312,220
Miscellaneous	22,414	-
<b>Total operating expense</b>	<u>4,099,174</u>	<u>2,006,627</u>
Operating income (loss)	515,426	46,897
Non-operating revenue (expense)		
Investment earnings	<u>9</u>	<u>2,197</u>
Changes in net position	515,435	49,094
<b>Net position, beginning of year</b>	<u>13,885,534</u>	<u>3,260,224</u>
<b>Net position, end of year</b>	<u>\$ 14,400,969</u>	<u>\$ 3,309,318</u>

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

**CITY OF EAST GRAND RAPIDS**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Enterprise Fund Water and Sewer</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities</b>		
Receipts from internal services provided	\$ -	\$ 2,179,289
Receipts from customers and users	4,654,552	-
Payments to employees	(719,066)	(192,963)
Payments to suppliers	<u>(3,099,734)</u>	<u>(1,576,358)</u>
<b>Net cash provided by (used in) operating activities</b>	835,752	409,968
<b>Cash flows from capital and related financing activities</b>		
Acquisitions of capital assets	(753,041)	(417,053)
<b>Cash flows from investing activities</b>		
Interest income	<u>9</u>	<u>2,197</u>
Net increase (decrease) in cash and pooled investments	82,720	(4,888)
<b>Cash and pooled investments, beginning of year</b>	<u>1,166,214</u>	<u>1,517,107</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,248,934</u>	<u>\$ 1,512,219</u>
<b>Cash flows from operating activities</b>		
Operating income (loss)	\$ 515,426	\$ 46,897
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	588,484	312,220
Deferred outflows of resources	(297)	-
Deferred inflows of resources	8,851	-
Change in operating assets and liabilities which provided (used) cash		
Accounts receivable	39,952	(26,073)
Due from other funds	-	155,484
Prepaid and other assets	300	(33,894)
Inventory	(17,694)	(10,740)
Accounts payable	(230,222)	8,067
Due to other funds	(30,678)	(3,646)
Accrued liabilities	(28,432)	(29,309)
Compensated absences	(5,159)	(9,038)
Net other post-employment benefits liability	<u>(4,779)</u>	<u>-</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 835,752</u>	<u>\$ 409,968</u>

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

**CITY OF EAST GRAND RAPIDS**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION**

**JUNE 30, 2022**

	<b><u>Pension and OPEB Trust Funds</u></b>	<b><u>Custodial Fund</u></b>
<b>Assets</b>		
Cash and pooled investments	\$ 29,865	\$ 1,199
Investments	10,216,726	-
Accounts receivable	764	-
Prepaid items	<u>4,493</u>	<u>-</u>
<b>Total assets</b>	<u>10,251,848</u>	<u>1,199</u>
<b>Liabilities</b>		
Accounts payable	29,126	-
Accrued liabilities	20,403	-
Due to other governmental units	<u>-</u>	<u>404</u>
<b>Total liabilities</b>	<u>49,529</u>	<u>404</u>
<b>Net position</b>		
Restricted for:		
Pension	8,636,732	-
Other post-employment benefits	1,565,587	-
Other organizations and other governments	<u>-</u>	<u>795</u>
	<u>\$ 10,202,319</u>	<u>\$ 795</u>

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

**CITY OF EAST GRAND RAPIDS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Pension and OPEB Trust Funds</b>	<b>Custodial Fund</b>
<b>Additions</b>		
Contributions:		
Employer	\$ 1,201,442	\$ -
Employee	7,663	-
Other	20,920	-
Property taxes collected for other governments		28,178,788
Investment earnings (loss)	<u>(1,386,345)</u>	<u>-</u>
<b>Total Additions</b>	<u>(156,320)</u>	<u>28,178,788</u>
<b>Deductions</b>		
Benefits	1,862,307	-
Property taxes distributed to other governments		28,178,788
Administrative expenses	<u>161,368</u>	<u>-</u>
<b>Total deductions</b>	<u>2,023,675</u>	<u>28,178,788</u>
Net increase (decrease)	(2,179,995)	-
<b>Net position, beginning of year</b>	<u>12,382,314</u>	<u>795</u>
<b>Net position, end of year</b>	<u>\$ 10,202,319</u>	<u>\$ 795</u>

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

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of East Grand Rapids, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### ***Reporting Entity***

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. The City has no component units.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when 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.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants, state shared revenue and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB liabilities, and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, grants, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for repairs and equipment utilization and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services (including claims), administration expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Fund* accounts for funds specifically intended for the maintenance and construction of major streets. Financing is provided from Public Act 51 State Shared Gas and Weight Tax and transfers from the City's municipal street millage fund.

The *Local Streets Fund* accounts for funds specifically intended for the maintenance and construction of local streets. Financing is provided from Public Act 51 State Shared Gas and Weight Tax and transfers from the City's municipal street millage fund.

The *Municipal Streets Fund* accounts for the proceeds of a voted millage specifically intended for the maintenance and construction of streets.

The *ARPA Fund* accounts for the proceeds and expenditures of the American Rescue Plan Act funding received by the City.

The *Parks Fund* for the issuance of bonds and accumulation of other funding along with the disbursement of resources for parks related capital projects of the City.

The City reports the following major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the City's sewer and water department that provides sewer and water services on a user charge basis.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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Additionally, the City reports the following fund types:

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Capital Project Fund* accounts for the accumulation and disbursement of resources for a street project within a special assessment district.

The *Internal Service Funds* are used to account for equipment and vehicle purchases, repairs and maintenance and claims and benefits services provided to the City departments on a cost reimbursement basis.

The *Pension and Other Post-Employment Benefits Trust Fund* is used to account for the operations of the City's pension and other post-employment benefits plans which provides retirement benefits to the City's employees.

The *Custodial Funds* are used to account for the collection and disbursement of funds that are collected on behalf of employees, outside governments or other parties.

#### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. By June 30th the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditure budgets of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Commission. The City Manager is authorized to transfer budgeted amounts within an activity subject to the condition that the total expenditures do not exceed the approved appropriations for each fund. The Commission approves the annual budget at the activity level. Supplemental appropriations were necessary during the year.

#### ***Cash and Pooled Investments***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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***Investments***

Investments are stated at fair value at the balance sheet date.

City investment policy allows for all investments authorized by State statutes. State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The City Pension and OPEB plans are also allowed to invest in corporate debt and equity securities.

***Receivables/Due from Other Governments***

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

***Prepaid and Other Assets***

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid and other assets in both the government-wide and fund financial statements following the consumption method.

***Inventory***

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations. Inventory is accounted for following the consumption method.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### **Capital Assets**

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Water and Sewage Systems	20-50
Buildings and improvements	10-35
Vehicles and equipment	4-20
Infrastructure	5-20

#### **Unearned/Unavailable Revenue**

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and *unearned revenue* for resources that have been received, but not yet earned. At the end of the current fiscal year, the unearned revenue reported in the general and ARPA funds consisted of amounts received in advance.

#### **Compensated Absences**

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources. The balances of compensated absences are all considered current liabilities at year-end.

#### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as an other financing use. Issuance costs are reported as expenditures/expenses in all funds and activities.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 items that are reported in this category related to pension items as discussed in Note 7 and OPEB items as discussed in note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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 items reported in this category related to deferred bond refunding gains which are amortized over the life of the bond, OPEB items as discussed in note 8, and unavailable assessments receivable reported in the fund financial statements.

#### ***Fund Equity***

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund balance can only be committed by resolution of the City Commission. The City Commission has delegated the authority to assign fund balance to the City Manager.

The City's policy requires the general fund to maintain between 20% and 25% of budgeted expenditures in unassigned fund balance.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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#### **Net Position and Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Property Taxes**

City property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before August 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the custodial funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

#### **Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

PA. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown at the activity level. The approved budgets of the City for these budgetary funds were adopted at the activity level.

During the current year, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<b>General Fund</b>			
Public Safety - State programs	\$ 6,500	\$ 13,405	\$ 6,905
Public Works - Lake restoration	22,000	22,004	4

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### 3. DEFICIT NET POSITION

At June 30, 2022, the City reported a deficit unrestricted net position in its governmental activities of \$5,696,379.

#### 4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$18,080,358	\$ 31,064	\$18,111,422
Investments	-	10,216,726	10,216,726
	\$18,080,358	\$10,247,790	\$28,328,148

The cash and investments making up the above balances are as follows:

Deposits	\$ 3,445,450
Petty cash	1,337
Investments	24,881,361
Total	\$28,328,148

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of June 30, 2022, \$3,095,951 of the City's bank balance of \$3,345,951 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

#### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Morningstar Rating</u>
Governmental activities			
Kent County Investment Pool	N/A	\$ 3,522,241	N/A
Michigan CLASS Investment Pool	N/A	11,142,394	N/A
Other Post-employment Benefits Trust fund			
VT II VP Milestone Ret. Income collective investment trust (CIT)	N/A	1,555,361	N/A

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Maturity</u>	<u>Fair Value</u>	<u>Morningstar Rating</u>
Pension Trust fund			
Cash and equivalents:			
Federated government obligation institutional shares	N/A	\$ 457,645	N/A
Fixed income securities:			
Cohen & Steers PFD Securities and Income Fund	N/A	28,651	5 star
Dodge & Cox Income Fund	N/A	765,898	5 star
Doubleline Total Return Bond Fund	N/A	994,505	4 star
Alps Smith Short Duration Bond Fund	N/A	205,376	5 star
Virtuis Convertible Fund Inst. Class	N/A	32,005	5 star
Artisan High Income Fund	N/A	150,858	5 star
AQR Diversified Arbitrage Fund	N/A	33,613	1 star
Equity securities:			
Domestic equities:			
Harbor Capital Appreciation Fund	N/A	129,514	3 star
Invesco S&P 500 Quality ETF	N/A	536,676	5 star
Ishares Core S&P 500 ETF	N/A	2,522,106	4 star
Ishares S&P 500 Growth ETF	N/A	138,684	4 star
Ishares Russell 1000 Value Index Fund	N/A	215,135	3 star
Ishares Russell Midcap Index Fund	N/A	187,191	4 star
Ishares Russell 2000 Index Fund	N/A	162,754	3 star
Vanguard Mid-cap Growth Index Fund	N/A	30,341	3 star
Vanguard Small-cap ETF	N/A	40,858	4 star
International equities:			
Brown Capital Management Int'l Small Cap Fund	N/A	74,852	5 star
Harding Loevner Int'l Equity Inst. Fund	N/A	258,460	3 star
Ishares Core MSCI EAFE Fund	N/A	324,734	4 star
Ishares MSCI Int'l Value Factor ETF	N/A	93,045	3 star
ESG Aware MSCI EAFE ETF	N/A	186,585	4 star
Emerging markets equities:			
Baillie Gifford Emerging Market Fund	N/A	193,209	3 star
Calvert Emerging Markets Equity Fund	N/A	148,684	4 star
Seafarer Overseas Growth & Income Fund	N/A	84,715	5 star
Equity related strategy equities:			
Neuberger Berman Long Short Fund	N/A	35,041	4 star
Alternative strategies securities:			
Credit Suisse Managed Futures Strategy Fund	N/A	23,015	4 star
Boston Partners Emerging Markets Fund	N/A	5,587	2 star
Abbey Capital Futures Strategy Fund	N/A	46,305	4 star
Abbey Capital Multi-asset Fund	N/A	15,003	5 star
Stone Ridge High Yield Fund	N/A	33,788	N/A
Real assets:			
Deutsche RREEF Real Assets Fund	N/A	358,763	4 star
Deutsche Enhanced Commodity Strategy Fund	N/A	147,769	4 star
Total Pension Trust fund		<u>8,661,365</u>	
<b>Total investments</b>		<b><u>\$24,881,361</u></b>	

The City categorizes its fair value measurements of investments 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

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of year-end.

- The City does not have any investments valued using quoted market prices (Level 1 inputs).
- The VT II VP Milestone CIT, the Pension Trust Fund investments, the Kent County Pool and the Michigan CLASS investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The aforementioned investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

#### ***Investment and deposit risk***

*Interest Rate Risk.* State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no stated maturity date for the City's investments identified above.

At June 30, 2022 the balance of the Kent County Public Funds Investment Pool consisted of the following:

<b><u>Investment</u></b>	<b><u>Percentage of pool total</u></b>	<b><u>Maturity in years</u></b>
Government agency securities	38%	0-5
Certificates of deposits	47%	0-5
Deposits, money markets and other pools	15%	Not applicable

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, qualified external investment pools and other investments as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above pooled and mutual fund investments, the City's custodial credit risk exposure cannot be determined because the City's participation in the pool/funds does not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment

**CITY OF EAST GRAND RAPIDS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

**5. INTERFUND TRANSACTIONS**

Transfers in and out for the year ended June 30, 2022 are as follows:

<u>Transfers in</u>	<u>Transfers out</u>			<u>Total</u>
	<u>General fund</u>	<u>Municipal streets fund</u>	<u>Nonmajor governmental funds</u>	
Major streets fund	\$ 300,000	\$ -	\$ -	<b>\$ 300,000</b>
Local streets fund	200,000	1,111,900	-	<b>1,311,900</b>
Municipal streets fund	500,000	-	26,066	<b>526,066</b>
Parks fund	628,900	-	-	<b>628,900</b>
Nonmajor governmental funds	-	-	7,273	<b>7,273</b>
	<b><u>\$1,628,900</u></b>	<b><u>\$1,111,900</u></b>	<b><u>\$33,339</u></b>	<b><u>\$2,774,139</u></b>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move restricted revenues to the funds that are authorized to expend the resources in accordance with their restricted purpose.

**6. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,218,753	\$ -	\$ -	\$ 2,218,753
<b>Capital assets, being depreciated</b>				
Land improvements	2,205,718	-	-	2,205,718
Buildings	12,451,655	-	-	12,451,655
Building improvements	3,889,578	-	-	3,889,578
Vehicles and equipment	6,684,073	535,712	37,772	7,182,013
Infrastructure	31,477,773	1,926,352	-	33,404,125
Total capital assets, being depreciated	<u>56,708,797</u>	<u>2,462,064</u>	<u>37,772</u>	<u>59,133,089</u>
Less accumulated depreciation for				
Land improvements	1,370,566	117,782	-	1,488,348
Buildings	6,170,476	402,383	-	6,572,859
Building improvements	3,435,445	108,449	-	3,543,894
Vehicles and equipment	4,521,959	478,128	37,772	4,962,315
Infrastructure	16,389,360	1,417,733	-	17,807,093
Total accumulated depreciation	<u>31,887,806</u>	<u>2,524,475</u>	<u>37,772</u>	<u>34,374,509</u>
<b>Net capital assets, being depreciated</b>	<u>24,820,991</u>	<u>(62,411)</u>	<u>-</u>	<u>24,758,580</u>
<b>Governmental Activities capital assets, net</b>	<b><u>\$27,039,744</u></b>	<b><u>\$ (62,411)</u></b>	<b><u>\$ -</u></b>	<b><u>\$26,977,333</u></b>

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022**

### Business-type Activities

<b>Capital assets being depreciated</b>			
Sewer system	9,906,913	97,265	- 10,004,178
Water system	12,722,787	608,099	- 13,330,886
Lift station	1,040,804	-	- 1,040,804
Water tower	617,425	-	- 617,425
Drains	1,726,036	-	- 1,726,036
Meters	540,912	47,677	- 588,589
<b>Total capital assets, being depreciated</b>	<b>26,554,877</b>	<b>753,041</b>	<b>- 27,307,918</b>
<b>Less accumulated depreciation for</b>			
Sewer system	6,840,162	148,158	- 6,988,320
Water system	3,962,555	343,706	- 4,306,261
Lift station	379,165	34,280	- 413,445
Water tower	552,018	42,444	- 594,462
Drains	1,628,350	9,768	- 1,638,118
Meters	367,072	10,128	- 377,200
<b>Total accumulated depreciation</b>	<b>13,729,322</b>	<b>588,484</b>	<b>- 14,317,806</b>
<b>Net capital assets, being depreciated</b>	<b>12,825,555</b>	<b>164,557</b>	<b>- 12,990,112</b>
<b>Business-type Activities capital assets, net</b>	<b>\$12,825,555</b>	<b>\$164,557</b>	<b>\$ - \$12,990,112</b>

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

<b>Governmental Activities</b>	
General government	\$ 488,062
Public safety	47,434
Public works	1,502,781
Recreation and culture	173,978
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	312,220
<b>Total depreciation expense - governmental activities</b>	<b>\$2,524,475</b>
 <b>Business-type Activities</b>	
Water and sewer	\$588,484

## 7. PENSION PLANS

### **Defined Benefit Plan**

#### **Plan Description**

The City of East Grand Rapids Retirement Plan (the Plan) is a single employer defined benefit pension plan providing retirement benefits to a portion of certain current and past City employees. The Plan is included as a pension trust fund in the City's financial statements. This plan is closed to new entrants, and a stand-alone financial report of the Plan has not been issued.

#### **Benefits Provided**

Benefits provided include a multiplier of 2.50 times final average compensation with a vesting period of 10 years. Normal retirement age is 60 with early retirement at 50 with 25 or 55 with 15 to 25 years of service with various benefits. Benefits are calculated using final average compensation of 3 or 5 years depending on the employee's position and classification.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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Membership of the defined benefit plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Active plan members	2
Inactive employees entitled but not yet receiving benefits	7
Inactive employees or beneficiaries currently receiving benefits	<u>45</u>
Total	<u>54</u>

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was \$1,101,442. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 3.77% to 5.0% percent of gross wages to the Plan based on position and classification. The contribution requirements of employees are established and may be amended by labor agreements. The plan also calls for the City to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

#### **Net Pension Liability**

The employer's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the June 30, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2%

Salary Increases: 3.00%

Investment rate of return: 6.75%, net of investment expense, including inflation

Mortality rates used were Pub-2010 Public Retirement Plans Mortality Tables for General and Public Safety Employees; annuitant and non-annuitant, sex-distinct with modified MP-2021 improvement factors

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study performed with the actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	61.5%	6.61%	2.92%
Alternatives	2.9%	4.18%	0.14%
Fixed Income	24.5%	2.25%	1.16%
Real Estate	5.8%	4.48%	0.28%
Cash	5.3%	1.28%	0.27%
Inflation			2.00%
Investment rate of return			6.75%

#### Discount rate

The discount rate used to measure the total pension liability is 6.75% (7.0% for 2021). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at June 30, 2021	\$20,794,915	\$ 10,528,535	\$10,266,380
Changes for the Year:			
Service cost	43,062	-	43,062
Interest	1,322,952	-	1,322,952
Change in benefits	-	-	-
Differences between expected and actual experience	(136,720)	-	(136,720)
Change in assumptions	(52,344)	-	(52,344)
Contributions: employer	-	1,101,442	(1,101,442)
Contributions: employee	-	7,663	(7,663)
Net investment income	-	(1,231,438)	1,231,438
Benefit payments, including refunds	(1,744,837)	(1,744,837)	-
Administrative expense	-	(24,633)	24,633
Other changes	-	-	-
Net changes	(567,887)	(1,891,803)	1,323,916
Balance at June 30, 2022	\$20,227,028	\$8,636,732	\$11,590,296

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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

The following presents the net pension liability of the employer, calculated using the discount rate of 6.75%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (5.75%) or higher (7.75%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount rate</b>	<b>1% Increase</b>
Total pension liability	\$22,132,728	\$20,227,028	\$18,606,859
Fiduciary net position	8,636,732	8,636,732	8,636,732
Net pension liability	<u>\$13,495,996</u>	<u>\$11,590,296</u>	<u>\$ 9,970,127</u>

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

For the year ended June 30, 2022 the employer recognized pension expense of \$870,699. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess (deficit) investment returns	1,135,813	-
Total	<u>\$1,135,813</u>	<u>\$ -</u>

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2023	\$248,746
2024	191,266
2025	312,612
2026	<u>383,189</u>
<b>Total</b>	<b><u>\$1,135,813</u></b>

#### Defined Contribution Plans

The City also maintains a defined contribution retirement plan administered by ICMA-RC. The plan has a vesting period of 5 years and can be amended by City Council within the limits of various union agreements. The City's contribution for the year was \$720,185 and employee contributions were \$161,024. The Plan covers all employees whose contributions are determined based on their position and classification as follows:

City services employees hired on or after July 7, 1999 and all City services employees hired prior to July 7, 1999 who elected to convert from the defined benefit plan on July 7, 1999. City services employees contribute 6% and the City contributes 10.5% of the participants' salaries to the Plan.

Non-union employees hired on or after July 1, 1999 and all non-union employees hired prior to July 1, 1999 who elected to convert from the defined benefit plan on July 1, 1999. Non-Union employees have the option to contribute up to 1% of their salary to the plan. The City is required to contribute 15% of the participants' salaries and match the employees' optional contribution.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

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All public safety officers, lieutenants, and sergeants hired on or after January 1, 2002 and all officers, lieutenants and sergeants hired prior to January 1, 2002 who elected to convert to the defined contribution plan on January 1, 2002. Public safety participants are required to contribute 3.77-3.81% of their salary to the plan. The City is required to contribute 15% of the participants' salaries to the Plan.

#### 8. OTHER POST-EMPLOYMENT BENEFITS

##### ***Plan Description***

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 7, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance funded on a discretionary basis. The Plan is included as an other post-employment benefits trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

This plan is closed to new entrants as of October 2020.

##### ***Benefits provided***

The plan provides 100% of health insurance benefits to eligible retirees and their spouse until age 65. Dependents are covered until age 26. Eligibility is determined based on position and classification and is maintained until the employee is eligible for federal Medicare coverage at age 65.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2022):

Active plan members	54
Retirees and beneficiaries receiving benefits	<u>13</u>
Total	<u><u>67</u></u>

##### ***Contributions***

The Plan was established and is being funded under the authority of the City Commission. The Plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation. There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

##### ***Net OPEB Liability***

The total OPEB liability in the June 30, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.1%

Salary Increases: 2.25%

Investment rate of return: 4.28%, net of investment expense, including inflation

Healthcare cost trend rates: 5% per year

20-year Aa Municipal bond rate: 4.09%

Mortality rates used headcount weighted mortality tables with improvement scale MP-2020.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Equities	38.9%	7.78%
International equity	4.0%	5.10%
Fixed income	57.1%	1.84%

The sum of each target benefit times its long-term expected real rate, plus inflation, is 4.28%.

Discount rate. The discount rate used to measure the total OPEB liability for June 30, 2022 is 4.11% (2.31% for 2021). The projection of cash flows used to determine the discount rate assumes that no City contributions will be made as assets are drawn down to pay retiree benefits. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current members through 2030. For projected benefits that are expected to be covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2021	\$3,875,608	\$1,853,779	\$2,021,829
Changes for the Year:			
Service cost	149,711	-	149,711
Interest	92,604	-	92,604
Change in benefits	-	-	-
Differences between expected and actual experience	(89,455)	-	(89,455)
Change in assumptions	(504,609)	-	(504,609)
Contributions: employer	-	100,000	(100,000)
Contributions: employee	-	-	-
Net investment income	-	(178,154)	178,154
Benefit payments, including refunds	(117,470)	(117,470)	-
Administrative expense	-	(113,488)	113,488
Other changes	-	20,920	20,920
Net changes	(469,219)	(288,192)	(181,027)
Balance at June 30, 2022	\$3,406,389	\$1,565,587	\$1,840,802

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

**Sensitivity of the Net OPEB Liability to changes in the discount rate.**

The following presents the net OPEB liability of the employer, calculated using the discount rate of 4.11%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
Total OPEB liability	\$3,684,869	\$3,406,389	\$3,157,139
Fiduciary net position	1,565,587	1,565,587	1,565,587
Net OPEB liability	<u>\$2,119,282</u>	<u>\$1,840,802</u>	<u>\$1,591,552</u>
Plan fiduciary position as a percentage of the total OPEB liability	<u>46.3%</u>		

**Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.**

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 5.0%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	<u>1% Decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% Increase</u>
Total OPEB liability	\$3,078,802	\$3,406,389	\$3,796,337
Fiduciary net position	1,565,587	1,565,587	1,565,587
Net OBEB liability	<u>\$1,513,215</u>	<u>\$1,840,802</u>	<u>\$2,230,750</u>

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

For the year ended June 30, 2022 the employer recognized OPEB expense of \$242,996. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$205,659	\$ (876,499)
Differences in assumptions	522,618	(476,506)
Excess (deficit) investment returns	93,694	-
Total	<u>\$821,971</u>	<u>\$(1,353,005)</u>

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

2023	\$ (49,266)
2024	(52,850)
2025	(53,365)
2026	(16,757)
2027	(66,483)
Thereafter	<u>(292,313)</u>
Total	<u>\$(531,034)</u>

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**9. CONDENSED FINANCIAL INFORMATION - PENSION AND OPEB PLANS**

**Statement of Net Position**

	<b><u>Pension</u></b>	<b><u>OPEB</u></b>	<b><u>Total</u></b>
	<b><u>Trust Fund</u></b>	<b><u>Trust Fund</u></b>	
<b>Assets</b>			
Cash and pooled investments	\$ -	\$ 26,865	\$ 26,865
Investments	8,661,365	1,555,361	10,216,726
Accounts receivable	-	764	764
Prepaid items	4,493	-	4,493
<b>Total assets</b>	<b>8,665,858</b>	<b>1,585,990</b>	<b>10,251,848</b>
<b>Liabilities</b>			
Accounts payable	29,126	-	29,126
Accrued liabilities	-	20,403	20,403
<b>Total liabilities</b>	<b>29,126</b>	<b>20,403</b>	<b>49,529</b>
<b>Net position</b>			
Restricted for pension and other post-employment benefits	<u>\$8,636,732</u>	<u>\$1,565,587</u>	<u>\$10,202,319</u>

**Statement of Changes in Net Position**

	<b><u>Pension</u></b>	<b><u>OPEB</u></b>	<b><u>Total</u></b>
	<b><u>Trust Fund</u></b>	<b><u>Trust Fund</u></b>	
<b>Additions</b>			
Contributions			
Employer	\$ 1,101,442	\$ 100,000	\$ 1,201,442
Employee	7,663	-	7,663
Other	-	20,920	20,920
<b>Total Contributions</b>	<b>1,109,105</b>	<b>120,920</b>	<b>1,230,025</b>
Investment income			
Change in investment fair value	(1,683,316)	(178,154)	(1,861,470)
Interest and dividends	475,125	-	475,125
Dividends	-	-	-
<b>Total investment income (loss)</b>	<b>(1,208,191)</b>	<b>(178,154)</b>	<b>(1,386,345)</b>
Investment expense	(23,247)	-	(23,247)
<b>Net investment income (loss)</b>	<b>(1,231,438)</b>	<b>(178,154)</b>	<b>(1,409,592)</b>
<b>Total Additions</b>	<b>(122,333)</b>	<b>(57,234)</b>	<b>(179,567)</b>
<b>Deductions</b>			
Benefits	1,744,837	117,470	1,862,307
Administrative expense	24,633	113,488	138,121
<b>Total deductions</b>	<b>1,769,470</b>	<b>230,958</b>	<b>2,000,428</b>
Change in net position	(1,891,803)	(288,192)	(2,179,995)
<b>Net position, beginning of year</b>	<b>10,528,535</b>	<b>1,853,779</b>	<b>12,382,314</b>
<b>Net position, end of year</b>	<b><u>\$ 8,636,732</u></b>	<b><u>\$1,565,587</u></b>	<b><u>\$10,202,319</u></b>

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**10. LONG-TERM DEBT**

The following is a summary of the debt transactions of the City for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Public Placement Bonds</b>					
\$5,180,000 Unlimited Tax General Obligation Bonds, Series 2022; due in annual installments of \$210,000 to \$330,000 through April 2042, plus interest at 3.0% to 3.5%	\$ -	\$5,180,000	\$ -	\$ 5,180,000	\$215,000
\$5,665,000 Unlimited Tax General Obligation Refunding Bonds, Series 2021; due in annual installments of \$370,000 to \$515,000 through April 2033, plus interest at 2% to 4%	5,665,000	-	370,000	5,295,000	390,000
<b>Total Public Placement Bonds</b>	5,665,000	5,180,000	370,000	10,475,000	605,000
<b>Private Placement Bonds and Notes</b>					
\$1,243,000 Unlimited Tax General Obligation Refunding Bonds Series 2012; due in annual installments of \$97,000 to \$151,000 through April 2022, plus interest at 1.99%	151,000	-	151,000	-	-
\$119,900 2018 Installment Purchase Agreement; due in annual installments of \$23,980 through May 2023, plus interest at 2.84%	40,260	-	23,980	16,280	16,280
\$89,600 2018 Installment Purchase Agreement; due in annual installments of \$17,920 through May 2023, plus interest at 2.84%	35,840	-	17,920	17,920	17,920
<b>Total Private Placement Bonds and Notes</b>	227,100	-	192,900	34,200	34,200
<b>Total</b>	5,892,100	5,180,000	562,900	10,509,200	639,200
Unamortized premium	751,077	80,556	105,007	726,626	113,379
Accrued compensated absences	339,697	-	18,256	321,441	321,441
<b>Total Governmental Activities</b>	<b>\$6,982,874</b>	<b>\$5,260,556</b>	<b>\$686,163</b>	<b>\$11,557,267</b>	<b>\$1,074,020</b>

**CITY OF EAST GRAND RAPIDS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
<b>Business-type Activities</b>					
Accrued compensated absences	<b>\$19,740</b>	\$ -	<b>\$5,159</b>	<b>\$14,581</b>	<b>\$14,581</b>

Compensated absences of governmental funds are generally liquidated with general fund resources.

The annual requirements to amortize all debt outstanding (excluding unamortized premium and accrued compensated absences) as of June 30, 2022 are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>			
	<b>Public Placement Bonds</b>		<b>Private Placement Bonds and Notes and Capital Leases</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 605,000	\$ 326,195	\$34,200	\$971
2024	630,000	316,500	-	-
2025	675,000	297,600	-	-
2026	715,000	277,350	-	-
2027	740,000	255,900	-	-
2028-2032	3,730,000	868,850	-	-
2033-2037	1,825,000	390,100	-	-
2038-2042	1,555,000	161,950	-	-
<b>Total</b>	<b>\$10,475,000</b>	<b>\$2,894,445</b>	<b>\$34,200</b>	<b>\$971</b>

The debt documents contain various provisions that in the event of default, the City shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

**11. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year.

The City manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Self-Insurance Fund (MMWCSIF), a public entity risk pool providing workers' compensation coverage to its participating members. The City pays an annual premium to MMWCSIF for its workers' compensation coverage. The MMWCSIF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its member by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City is self-funded for employees' health benefits. The claims liability of \$39,479 reported at June 30, 2022 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

The activity of the self-funded insurance is accounted for in the Health Insurance Internal Service fund. An excess coverage insurance policy covers claims in excess of \$50,000 per covered individual. There were no changes in insurance coverage from the prior year other than an increase in the premium contribution for all coverage levels. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are charges to various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in the history of the self-insurance program, and there have been no significant reductions in insurance coverage from the prior year.

The changes in the claims liability for the years ended June 30, 2022 and 2021 were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2022	\$37,801	\$1,476,887	\$1,475,209	\$39,479
2021	39,751	1,083,883	1,085,833	37,801

#### 12. CONSTRUCTION CODE FEES

The City oversees building construction in accordance with the State of Michigan Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. During the year, the City collected fees of \$20,702 with related direct and indirect expenditures in excess of that amount.

#### 13. CONTINGENCIES

In the normal course of its operations, the City has become a party in various legal actions. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the City.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 9,316,800	\$ 9,316,800	\$ 9,304,694	\$ (12,106)
Intergovernmental revenues				
State	1,072,000	1,291,320	1,382,749	91,429
Licenses and permits	75,000	75,000	85,416	10,416
Charges for services	632,000	639,000	629,464	(9,536)
Recreation	1,190,900	1,158,610	1,063,627	(94,983)
Fines	33,000	20,000	29,678	9,678
Rentals	40,400	40,400	43,794	3,394
Investment earnings	100,000	20,000	31,861	11,861
Other	25,000	69,000	67,092	(1,908)
<b>Total revenues</b>	<u>12,485,100</u>	<u>12,630,130</u>	<u>12,638,375</u>	<u>8,245</u>
<b>Expenditures</b>				
Current				
Legislative	30,200	28,300	28,188	112
General government	3,025,200	2,865,370	2,767,518	97,852
Public safety	4,440,600	4,343,810	4,123,394	220,416
Public works	2,033,200	1,972,900	1,839,481	133,419
Parks and recreation	2,176,000	1,838,900	1,782,263	56,637
Debt service				
Principal	44,600	41,900	41,900	-
Interest and fiscal charges	-	2,700	2,161	539
<b>Total expenditures</b>	<u>11,749,800</u>	<u>11,093,880</u>	<u>10,584,905</u>	<u>508,975</u>
<b>Revenues over (under) expenditures</b>	735,300	1,536,250	2,053,470	517,220
Other financing sources (uses)				
Transfers out	<u>(1,000,000)</u>	<u>(1,628,900)</u>	<u>(1,628,900)</u>	<u>-</u>
Net changes in fund balance	(264,700)	(92,650)	424,570	517,220
<b>Fund balance, beginning of year</b>	<u>4,847,874</u>	<u>4,847,874</u>	<u>4,847,874</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,583,174</u>	<u>\$ 4,755,224</u>	<u>\$ 5,272,444</u>	<u>\$ 517,220</u>

**CITY OF EAST GRAND RAPIDS**

**MAJOR STREETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 960,000	\$ 960,000	\$ 1,010,952	\$ 50,952
Local	123,000	123,000	16,762	(106,238)
Investment earnings	-	-	604	604
Miscellaneous	-	-	5,000	5,000
<b>Total revenues</b>	<u>1,083,000</u>	<u>1,083,000</u>	<u>1,033,318</u>	<u>(49,682)</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	704,900	763,800	673,328	90,472
Street construction	813,000	983,900	457,314	526,586
Street administration	90,200	112,600	89,571	23,029
Engineering	81,500	99,800	88,278	11,522
<b>Total expenditures</b>	<u>1,689,600</u>	<u>1,960,100</u>	<u>1,308,491</u>	<u>651,609</u>
Revenues over (under) expenditures	(606,600)	(877,100)	(275,173)	601,927
Other financing sources (uses)				
Transfers in	<u>714,900</u>	<u>714,900</u>	<u>300,000</u>	<u>(414,900)</u>
Net changes in fund balance	108,300	(162,200)	24,827	187,027
<b>Fund balance, beginning of year</b>	<u>893,626</u>	<u>893,626</u>	<u>893,626</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,001,926</u>	<u>\$ 731,426</u>	<u>\$ 918,453</u>	<u>\$ 187,027</u>

**CITY OF EAST GRAND RAPIDS**

**LOCAL STREETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 360,000	\$ 360,000	\$ 397,351	\$ 37,351
Investment earnings	-	-	16	16
<b>Total revenues</b>	<u>360,000</u>	<u>360,000</u>	<u>397,367</u>	<u>37,367</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	642,500	573,400	547,240	26,160
Street construction	847,000	1,017,000	1,016,905	95
Street administration	<u>111,700</u>	<u>113,400</u>	<u>88,782</u>	<u>24,618</u>
<b>Total expenditures</b>	<u>1,601,200</u>	<u>1,703,800</u>	<u>1,652,927</u>	<u>50,873</u>
Revenues over (under) expenditures	(1,241,200)	(1,343,800)	(1,255,560)	88,240
Other financing source (uses)				
Transfers in	<u>1,311,900</u>	<u>1,311,900</u>	<u>1,311,900</u>	<u>-</u>
Net changes in fund balance	70,700	(31,900)	56,340	88,240
<b>Fund balance, beginning of year</b>	<u>450,750</u>	<u>450,750</u>	<u>450,750</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 521,450</u>	<u>\$ 418,850</u>	<u>\$ 507,090</u>	<u>\$ 88,240</u>

**CITY OF EAST GRAND RAPIDS**

**MUNICIPAL STREETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,419,500	\$ 1,419,500	\$ 1,418,182	\$ (1,318)
Investment earnings	5,000	5,000	2,126	(2,874)
Miscellaneous	-	-	10,900	10,900
<b>Total revenues</b>	<u>1,424,500</u>	<u>1,424,500</u>	<u>1,431,208</u>	<u>6,708</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	267,000	322,000	318,489	3,511
Street construction	<u>55,000</u>	<u>77,000</u>	<u>40,099</u>	<u>36,901</u>
<b>Total expenditures</b>	<u>322,000</u>	<u>399,000</u>	<u>358,588</u>	<u>40,412</u>
Revenues over (under) expenditures	<u>1,102,500</u>	<u>1,025,500</u>	<u>1,072,620</u>	<u>47,120</u>
Other financing source (uses)				
Transfers in	520,000	520,000	526,066	6,066
Transfers out	<u>(1,526,800)</u>	<u>(1,526,800)</u>	<u>(1,111,900)</u>	<u>414,900</u>
Total other financing sources (uses)	<u>(1,006,800)</u>	<u>(1,006,800)</u>	<u>(585,834)</u>	<u>420,966</u>
Net changes in fund balance	95,700	18,700	486,786	468,086
<b>Fund balance, beginning of year</b>	<u>315,840</u>	<u>315,840</u>	<u>315,840</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 411,540</u>	<u>\$ 334,540</u>	<u>\$ 802,626</u>	<u>\$ 468,086</u>

**CITY OF EAST GRAND RAPIDS**

**AMERICAN RESCUE PLAN ACT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ -	\$ 625,700	\$ -	\$ (625,700)
Investment earnings	-	-	1,483	1,483
<b>Total revenues</b>	-	625,700	1,483	(624,217)
<b>Total expenditures</b>	-	-	-	-
Net changes in fund balance	-	625,700	1,483	(624,217)
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ 625,700	\$ 1,483	\$ (624,217)

**CITY OF EAST GRAND RAPIDS**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION**  
**LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	2014	2015	2016	2017	2018	2019	2021	2022
<b>Total pension liability</b>								
Service cost	\$ 52,264	\$ 53,644	\$ 55,650	\$ 52,483	\$ 41,833	\$ 46,802	\$ 70,203	\$ 43,062
Interest	1,418,426	1,361,488	1,439,882	1,403,486	1,416,984	1,408,165	2,033,696	1,322,952
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	268,503	(284,896)	383,019	121,807	257,416	595,749	(136,720)
Changes in assumptions	-	921,755	-	-	-	570,530	1,552,491	(52,344)
Benefit payments including employee refunds	(1,606,741)	(1,684,931)	(1,653,090)	(1,674,899)	(1,654,980)	(1,731,729)	(2,452,929)	(1,744,837)
Other	-	42,544	-	-	1	-	-	-
<b>Net change in total pension liability</b>	<b>(136,051)</b>	<b>963,003</b>	<b>(442,454)</b>	<b>164,089</b>	<b>(74,355)</b>	<b>551,184</b>	<b>1,799,210</b>	<b>(567,887)</b>
<b>Total pension liability, beginning of year</b>	<b>17,970,289</b>	<b>17,834,238</b>	<b>18,797,241</b>	<b>18,354,787</b>	<b>18,518,876</b>	<b>18,444,521</b>	<b>18,995,705</b>	<b>20,794,915</b>
<b>Total pension liability, end of year</b>	<b>\$ 17,834,238</b>	<b>\$ 18,797,241</b>	<b>\$ 18,354,787</b>	<b>\$ 18,518,876</b>	<b>\$ 18,444,521</b>	<b>\$ 18,995,705</b>	<b>\$ 20,794,915</b>	<b>\$ 20,227,028</b>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 750,996	\$ 815,262	\$ 968,148	\$ 1,123,500	\$ 1,240,368	\$ 1,354,386	\$ 1,961,020	\$ 1,101,442
Contributions-employee	18,124	15,034	17,480	14,249	14,080	11,242	10,853	7,663
Net investment income	600,334	(132,612)	931,223	1,125,955	(354,678)	1,141,559	1,743,692	(1,231,438)
Benefit payments including employee refunds	(1,606,741)	(1,684,931)	(1,653,090)	(1,674,899)	(1,654,980)	(1,731,729)	(2,452,929)	(1,744,837)
Administrative expense	(21,858)	(19,970)	(18,426)	(17,873)	(17,783)	(19,634)	(23,467)	(24,633)
<b>Net change in plan fiduciary net position</b>	<b>(259,145)</b>	<b>(1,007,217)</b>	<b>245,335</b>	<b>570,932</b>	<b>(772,993)</b>	<b>755,824</b>	<b>1,239,169</b>	<b>(1,891,803)</b>
<b>Plan fiduciary net position, beginning of year</b>	<b>9,756,630</b>	<b>9,497,485</b>	<b>8,490,268</b>	<b>8,735,603</b>	<b>9,306,535</b>	<b>8,533,542</b>	<b>9,289,366</b>	<b>10,528,535</b>
<b>Plan fiduciary net position, end of year</b>	<b>\$ 9,497,485</b>	<b>\$ 8,490,268</b>	<b>\$ 8,735,603</b>	<b>\$ 9,306,535</b>	<b>\$ 8,533,542</b>	<b>\$ 9,289,366</b>	<b>\$ 10,528,535</b>	<b>\$ 8,636,732</b>
<b>Total net pension liability</b>	<b>\$ 8,336,753</b>	<b>\$ 10,306,973</b>	<b>\$ 9,619,184</b>	<b>\$ 9,212,341</b>	<b>\$ 9,910,979</b>	<b>\$ 9,706,339</b>	<b>\$ 10,266,380</b>	<b>\$ 11,590,296</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	53.3%	45.2%	47.6%	50.3%	46.3%	48.9%	50.6%	42.7%
<b>Covered employee payroll</b>	\$ 415,614	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	2005.9%	2421.0%	2198.5%	2291.1%	3055.0%	2938.5%	5251.4%	5514.7%

**Notes to schedule:**

Above data is based on a December 31 measurement date for years 2014 through 2019. Subsequent to 2019, the measurement date is June 30. This schedule is being accumulated prospectively until ten years of data is presented.

**CITY OF EAST GRAND RAPIDS**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 736,644	\$ 893,880	\$ 1,042,416	\$ 1,204,584	\$ 1,276,152	\$ 1,432,620	\$ 1,761,020	\$ 1,101,442
Contributions in relation to the actuarially determined contribution	<u>736,644</u>	<u>893,880</u>	<u>1,042,416</u>	<u>1,204,584</u>	<u>1,276,152</u>	<u>1,432,620</u>	<u>1,961,020</u>	<u>1,101,442</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)	\$ -
Covered employee payroll	\$ 415,614	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170
Contributions as a percentage of covered employee payroll	177%	210%	238%	300%	393%	434%	1003%	524%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	15 years
Asset valuation method	5 year smoothed
Inflation	2.00% (2.5% for 2015 through 2020)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	6.75% (7.0% for 2021; 7.35% for 2020; 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for General and Public Safety Employees; annuitant and non-annuitant, sex-distinct with modified MP-2021 improvement factors (20% female/ 50% male RP-2014 mortality table for years 2015 through 2020)

This schedule is being accumulated prospectively until ten years of data is presented.

**CITY OF EAST GRAND RAPIDS**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB**  
**LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2017	2018	2019	2020	2021	2022
<b>Total OPEB liability</b>						
Service cost	\$ 140,181	\$ 148,494	\$ 151,489	\$ 165,617	\$ 179,047	\$ 149,711
Interest	179,527	114,168	117,156	123,553	113,377	92,604
Changes in benefit terms	(126,139)	-	-	-	-	-
Difference between expected and actual experience	(767,215)	137,121	90,081	74,393	(436,636)	(89,455)
Changes in assumptions	425,060	53,689	46,177	138,896	88,761	(504,609)
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)
<b>Net change in total OPEB liability</b>	(223,617)	227,217	306,466	249,394	(171,736)	(469,219)
<b>Total OPEB liability, beginning of year</b>	3,487,884	3,264,267	3,491,484	3,797,950	4,047,344	3,875,608
<b>Total OPEB liability, end of year</b>	<u>\$ 3,264,267</u>	<u>\$ 3,491,484</u>	<u>\$ 3,797,950</u>	<u>\$ 4,047,344</u>	<u>\$ 3,875,608</u>	<u>\$ 3,406,389</u>
<b>Plan Fiduciary Net Position</b>						
Contributions-employer	\$ 75,031	\$ 226,255	\$ 112,437	\$ 253,065	\$ 244,388	\$ 100,000
Net investment income	79,601	48,773	68,663	59,639	240,533	(178,154)
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)
Administrative expense	-	-	-	-	(1,500)	(113,488)
Other	-	-	-	-	-	20,920
<b>Net change in plan fiduciary net position</b>	79,601	48,773	82,663	59,639	367,136	(288,192)
<b>Plan fiduciary net position, beginning of year</b>	1,215,967	1,295,568	1,344,341	1,427,004	1,486,643	1,853,779
<b>Plan fiduciary net position, end of year</b>	<u>\$ 1,295,568</u>	<u>\$ 1,344,341</u>	<u>\$ 1,427,004</u>	<u>\$ 1,486,643</u>	<u>\$ 1,853,779</u>	<u>\$ 1,565,587</u>
<b>Employer net OPEB liability</b>	<u>\$ 1,968,699</u>	<u>\$ 2,147,143</u>	<u>\$ 2,370,946</u>	<u>\$ 2,560,701</u>	<u>\$ 2,021,829</u>	<u>\$ 1,840,802</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	40%	39%	38%	37%	48%	46%
<b>Covered employee payroll</b>	\$ 5,022,780	\$ 5,086,305	\$ 5,236,223	\$ 4,091,493	\$ 3,787,778	\$ 3,625,985
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	39%	42%	45%	63%	53%	51%

This schedule is being accumulated prospectively until ten years of data is presented.

**CITY OF EAST GRAND RAPIDS**

**OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED JUNE 30, 2022**

	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ -	\$ 300,886	\$ 325,111	\$ 334,974	\$ 361,946	\$ 301,486
Contributions in relation to the actuarially determined contribution	<u>99,352</u>	<u>226,255</u>	<u>112,437</u>	<u>253,065</u>	<u>244,388</u>	<u>100,000</u>
Contribution deficiency (excess)	<u>\$ (99,352)</u>	<u>\$ 74,631</u>	<u>\$ 212,674</u>	<u>\$ 81,909</u>	<u>\$ 117,558</u>	<u>\$ 201,486</u>
Covered employee payroll	\$ 5,022,780	\$ 5,086,305	\$ 5,236,223	\$ 4,091,493	\$ 3,787,778	\$ 3,625,985
Contributions as a percentage of covered employee payroll	2%	4%	2%	6%	6%	3%

**Notes to schedule**

Actuarial cost method	Entry Age Normal (level percent)
Amortization method	Level percent, closed
Remaining amortization period	14 years (average future service)
Asset valuation method	Market value
Inflation	2.1% (3.26% for 2018, 3.46% for 2017)
Salary increases	2.25%
Investment rate of return	4.28% (3.85% for 2021, 4.36% for 2019, 6.44% for 2018, 7.31% for 2017)
20-year Aa Municipal bond yield	4.09% (2.18% for 2021, 2.66% for 2020, 3.15% for 2019, 3.1% for 2018)
Retirement age	Varies depending on plan adoption
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2020 improvement

**State of Michigan PA 202 information**

Actuarially recommended contributions in accordance with No. Letter 2018-3	\$ 361,946
Minimum required contribution under PA 202	147,488
Actual contribution	244,388
Contribution for employees hired after June 30, 2018 (included above)	31,203

State of Michigan PA 202 assumptions, if different from GASB

Mortality - PRH 2014 at 2006 with improvement scale MP-2018
Healthcare cost trend
Pre-65 - 8.25% graded .25% per year to 4.5% ultimate rate
Discount rate - 3.75% (blended effective rate 7.0% while funded; 3.5% while deficient)
Salary scale - 3.5%

This schedule is being accumulated prospectively until ten years of data is presented.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Basis of Accounting**

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

# CITY OF EAST GRAND RAPIDS

## GENERAL FUND

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The *General Fund* accounts for revenues and expenditures that are not required to be accounted for in another fund. In the City of East Grand Rapids, the functions of the General Fund include general government, public safety, public works, culture & recreation, and debt service not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, charges for services, transfers from other funds, fees and interest.

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**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

Revenues	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Taxes				
Property taxes	\$ 9,296,800	\$ 9,296,800	\$ 9,292,377	\$ (4,423)
Interest and penalties on property taxes	20,000	20,000	12,317	(7,683)
Total taxes	9,316,800	9,316,800	9,304,694	(12,106)
Intergovernmental revenue				
State shared revenue	1,045,100	1,261,530	1,352,946	91,416
Community stabilization	21,400	21,400	21,406	6
State grants	5,500	8,390	8,397	7
Total intergovernmental revenue	1,072,000	1,291,320	1,382,749	91,429
Licenses and permits				
Business licenses	15,000	15,000	16,775	1,775
Building permits	45,000	45,000	49,081	4,081
Other	15,000	15,000	19,560	4,560
Total licenses and permits	75,000	75,000	85,416	10,416
Charges for services				
Administrative charges	280,000	280,000	280,000	-
Cable television franchise fees	200,000	200,000	178,947	(21,053)
Cable tower rental	70,000	79,000	79,209	209
Cable television capital fees	45,000	45,000	38,750	(6,250)
Clerk's services	2,000	-	-	-
Right-of-way fees	35,000	35,000	52,558	17,558
Total charges for services	632,000	639,000	629,464	(9,536)
Recreation fees	1,190,900	1,158,610	1,063,627	(94,983)
Fines and penalties	33,000	20,000	29,678	9,678
Rentals				
Library rental fee	40,400	40,400	43,794	3,394
Investment earnings	100,000	20,000	31,861	11,861
Other revenue				
Other	25,000	36,000	32,105	(3,895)
Miscellaneous revenue	-	33,000	34,987	1,987
Total other revenue	25,000	69,000	67,092	(1,908)
<b>Total revenues</b>	<b>\$ 12,485,100</b>	<b>\$ 12,630,130</b>	<b>\$ 12,638,375</b>	<b>\$ 8,245</b>

**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
City Commission	\$ 30,200	\$ 28,300	\$ 28,188	\$ 112
General government				
City manager	378,800	400,750	390,175	10,575
City attorney	300,000	240,000	229,980	10,020
Elections	29,400	16,500	13,290	3,210
City assessor	135,300	138,100	130,748	7,352
Finance	705,000	780,320	733,807	46,513
Other	1,476,700	1,289,700	1,269,518	20,182
Total general government	3,025,200	2,865,370	2,767,518	97,852
Public safety				
General activity	4,435,100	4,337,310	4,109,989	227,321
State programs	5,500	6,500	13,405	(6,905)
Total public safety	4,440,600	4,343,810	4,123,394	220,416
Public works				
City buildings	902,800	924,100	858,728	65,372
Zoning administration	122,700	129,700	120,724	8,976
Street lighting	105,700	93,400	89,694	3,706
Wealthy streetscape maintenance	199,900	155,400	134,120	21,280
Waste collection	502,000	482,800	467,437	15,363
Lake restoration	22,600	22,000	22,004	(4)
Tree maintenance and removal	177,500	165,500	146,774	18,726
Total public works	2,033,200	1,972,900	1,839,481	133,419
Parks and recreation				
Parks	886,400	721,100	684,996	36,104
Pool	194,700	168,800	202,452	(33,652)
Special events	151,400	140,300	96,569	43,731
Recreation programming	90,500	84,000	81,427	2,573
Grounds maintenance	497,300	415,100	396,198	18,902
Recreation sports	214,900	170,400	160,355	10,045
Middle school sports	59,700	59,700	58,170	1,530
Aquatic club	81,100	79,500	102,096	(22,596)
Total culture and recreation	2,176,000	1,838,900	1,782,263	56,637
Debt service	44,600	44,600	44,061	539
<b>Total expenditures</b>	<b>\$ 11,749,800</b>	<b>\$ 11,093,880</b>	<b>\$ 10,584,905</b>	<b>\$ 508,975</b>

# CITY OF EAST GRAND RAPIDS

## FIDUCIARY FUNDS

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### Special Revenue Fund:

The Drug Seizure Fund (265) was created in FY 2016-17 and is utilized to purchase various capital items as revenues are received related to drug seizures on the State and Federal level.

### Debt Service Funds:

The Wealthy Pool fund (305) was established to account for the bond payments on the ten-year Wealthy Pool bond. The final payment was made on the bonds in fiscal year 2022.

The Municipal Complex fund (372) was established to account for the bond payments on the Municipal Complex bond issue. Each year the tax levy will be placed in this fund as revenues and the debt service payment will be paid out of this fund as expenditures.

### Capital Projects Fund:

The Special Assessments fund (810) was established to account for any assessments levied specifically for various capital projects.

### Internal Service Funds:

The Motor Pool fund (695) accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The Health Insurance fund (677) accounts for the costs of purchasing health insurance for City employees. Costs are billed to the user departments based on insurance rates for the personnel within the department and are adjusted annually.

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**CITY OF EAST GRAND RAPIDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2022**

	Special Revenue	Debt Service		Capital Projects	Total
	<u>Drug Law Enforcement</u>	<u>Wealthy Pool</u>	<u>Municipal Complex</u>	<u>Special Assessments</u>	
<b>Assets</b>					
Cash and pooled investments	\$ 28,798	\$ -	\$ 25,619	\$ -	\$ 54,417
Accounts receivable	-	-	-	68,411	68,411
<b>Total assets</b>	<u>\$ 28,798</u>	<u>\$ -</u>	<u>\$ 25,619</u>	<u>\$ 68,411</u>	<u>\$ 122,828</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Deferred inflows of resources</b>					
Unavailable receivables	-	-	-	58,638	58,638
<b>Fund balances</b>					
Restricted					
Streets	-	-	-	9,773	9,773
Drug seizure					
Federal portion	11,892	-	-	-	11,892
State portion	16,019	-	-	-	16,019
Debt service	-	-	25,619	-	25,619
Assigned	887	-	-	-	887
<b>Total fund balances</b>	<u>28,798</u>	<u>-</u>	<u>25,619</u>	<u>9,773</u>	<u>64,190</u>
<b>Total liabilities and fund balances</b>	<u>\$ 28,798</u>	<u>\$ -</u>	<u>\$ 25,619</u>	<u>\$ 68,411</u>	<u>\$ 122,828</u>

**CITY OF EAST GRAND RAPIDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue	Debt Service		Capital Projects	Total
	<u>Drug Law Enforcement</u>	<u>Wealthy Pool</u>	<u>Municipal Complex</u>	<u>Special Assessments</u>	
<b>Revenues</b>					
Taxes	\$ -	\$ 154,115	\$ 541,939	\$ -	\$ 696,054
Intergovernmental revenues					
Local	2,135	-	-	-	2,135
Special assessments	-	-	-	24,619	24,619
<b>Total revenues</b>	<u>2,135</u>	<u>154,115</u>	<u>541,939</u>	<u>24,619</u>	<u>722,808</u>
<b>Expenditures</b>					
Debt service					
Principal	-	151,000	370,000	-	521,000
Interest	-	3,139	165,988	-	169,127
<b>Total expenditures</b>	<u>-</u>	<u>154,139</u>	<u>535,988</u>	<u>-</u>	<u>690,127</u>
Revenues over (under) expenditures	<u>2,135</u>	<u>(24)</u>	<u>5,951</u>	<u>24,619</u>	<u>32,681</u>
Other financing sources (uses)					
Transfers in	-	-	7,273	-	7,273
Transfers out	-	(7,273)	-	(26,066)	(33,339)
Total other financing sources (uses)	<u>-</u>	<u>(7,273)</u>	<u>7,273</u>	<u>(26,066)</u>	<u>(26,066)</u>
Net changes in fund balances	2,135	(7,297)	13,224	(1,447)	6,615
<b>Fund balances, beginning of year</b>	<u>26,663</u>	<u>7,297</u>	<u>12,395</u>	<u>11,220</u>	<u>57,575</u>
<b>Fund balances, end of year</b>	<u>\$ 28,798</u>	<u>\$ -</u>	<u>\$ 25,619</u>	<u>\$ 9,773</u>	<u>\$ 64,190</u>

**CITY OF EAST GRAND RAPIDS**

**DRUG LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ -	\$ -	\$ 2,135	\$ 2,135
<b>Expenditures</b>				
Current				
Public safety				
Drug law enforcement	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net changes in fund balance	(20,000)	(20,000)	2,135	22,135
<b>Fund balance, beginning of year</b>	<u>26,663</u>	<u>26,663</u>	<u>26,663</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,663</u>	<u>\$ 6,663</u>	<u>\$ 28,798</u>	<u>\$ 22,135</u>

**CITY OF EAST GRAND RAPIDS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2022**

<b>Assets</b>	<b>Motor Pool</b>	<b>Health Insurance</b>	<b>Total</b>
Current assets			
Cash and pooled investments	\$ 623,764	\$ 888,455	\$ 1,512,219
Accounts receivable	-	29,126	29,126
Prepaid and other assets	33,975	47,049	81,024
Inventory	<u>56,154</u>	<u>-</u>	<u>56,154</u>
Total current assets	<u>713,893</u>	<u>964,630</u>	<u>1,678,523</u>
Capital assets			
Capital assets being depreciated	5,874,762	-	5,874,762
Less accumulated depreciation	<u>(4,024,085)</u>	<u>-</u>	<u>(4,024,085)</u>
Net capital assets	<u>1,850,677</u>	<u>-</u>	<u>1,850,677</u>
<b>Total assets</b>	<u>2,564,570</u>	<u>964,630</u>	<u>3,529,200</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	9,953	-	9,953
Accrued liabilities	1,911	204,441	206,352
Compensated absences	<u>3,577</u>	<u>-</u>	<u>3,577</u>
<b>Total liabilities</b>	<u>15,441</u>	<u>204,441</u>	<u>219,882</u>
<b>Net position</b>			
Net investment in capital assets	1,850,677	-	1,850,677
Unrestricted	<u>698,452</u>	<u>760,189</u>	<u>1,458,641</u>
<b>Total net position</b>	<u>\$ 2,549,129</u>	<u>\$ 760,189</u>	<u>\$ 3,309,318</u>

**CITY OF EAST GRAND RAPIDS**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Motor Pool</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Operating revenue</b>			
Charges for services	\$ 754,069	\$ 1,139,464	\$ 1,893,533
Other	<u>40,467</u>	<u>119,524</u>	<u>159,991</u>
<b>Total operating revenue</b>	<u>794,536</u>	<u>1,258,988</u>	<u>2,053,524</u>
<b>Operating expense</b>			
Salaries and wages	179,610	-	179,610
Contracted services	17,539	452,104	469,643
Materials and supplies	241,645	-	241,645
Equipment	6,960	-	6,960
Claims	-	630,024	630,024
Administration	-	166,525	166,525
Depreciation	<u>312,220</u>	<u>-</u>	<u>312,220</u>
<b>Total operating expense</b>	<u>757,974</u>	<u>1,248,653</u>	<u>2,006,627</u>
Operating income (loss)	36,562	10,335	46,897
Non-operating revenue (expense)			
Investment earnings	<u>322</u>	<u>1,875</u>	<u>2,197</u>
Changes in net position	36,884	12,210	49,094
<b>Net position, beginning of year</b>	<u>2,512,245</u>	<u>747,979</u>	<u>3,260,224</u>
<b>Net position, end of year</b>	<u>\$ 2,549,129</u>	<u>\$ 760,189</u>	<u>\$ 3,309,318</u>

**CITY OF EAST GRAND RAPIDS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Motor Pool</u>	<u>Health Insurance</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Receipts from internal services provided	\$ 793,206	\$ 1,386,083	\$ 2,179,289
Payments to employees	(192,963)	-	(192,963)
Payments to suppliers	<u>(302,792)</u>	<u>(1,273,566)</u>	<u>(1,576,358)</u>
<b>Net cash provided by (used in) operating activities</b>	297,451	112,517	409,968
<b>Cash flows from capital and related financing activities</b>			
Acquisitions of capital assets	(417,053)	-	(417,053)
<b>Cash flows from investing activities</b>			
Interest income	<u>322</u>	<u>1,875</u>	<u>2,197</u>
Net increase (decrease) in cash and pooled investments	(119,280)	114,392	(4,888)
<b>Cash and pooled investments, beginning of year</b>	<u>743,044</u>	<u>774,063</u>	<u>1,517,107</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 623,764</u>	<u>\$ 888,455</u>	<u>\$ 1,512,219</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ 36,562	\$ 10,335	\$ 46,897
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	312,220	-	312,220
Change in operating assets and liabilities which provided (used) cash			
Accounts receivable	2,316	(28,389)	(26,073)
Due from other funds	-	155,484	155,484
Prepaid and other assets	(33,975)	81	(33,894)
Inventory	(10,740)	-	(10,740)
Accounts payable	8,067	-	8,067
Due to other funds	(3,646)	-	(3,646)
Accrued liabilities	(4,315)	(24,994)	(29,309)
Compensated absences	<u>(9,038)</u>	<u>-</u>	<u>(9,038)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 297,451</u>	<u>\$ 112,517</u>	<u>\$ 409,968</u>

## **STATISTICAL SECTION**

# CITY OF EAST GRAND RAPIDS

## STATISTICAL SECTION

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This part of City of East Grand Rapids' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures reveal about the City's overall financial health.

### **Contents**

### **Page**

#### **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.

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#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source; which is property taxes.

72-76

#### **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.

77-80

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

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#### **Operating Information**

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

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

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**CITY OF EAST GRAND RAPIDS**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year 2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities:										
Investment in capital assets, net of related debt	\$ 13,705,874	\$ 12,765,265	\$ 13,060,627	\$ 15,064,727	\$ 16,876,604	\$ 17,956,801	\$ 19,534,630	\$ 19,852,141	\$ 21,147,644	\$ 20,846,358
Restricted	1,373,310	1,450,799	1,621,753	1,240,479	1,035,308	1,299,459	1,003,730	1,524,609	1,651,644	2,283,182
Unrestricted	<u>3,595,924</u>	<u>3,882,225</u>	<u>(4,035,439)</u>	<u>(5,219,839)</u>	<u>(6,326,401)</u>	<u>(6,432,121)</u>	<u>(5,822,334)</u>	<u>(6,110,404)</u>	<u>(7,555,708)</u>	<u>(5,696,379)</u>
Total governmental activities net assets	<u>\$ 18,675,108</u>	<u>\$ 18,098,289</u>	<u>\$ 10,646,941</u>	<u>\$ 11,085,367</u>	<u>\$ 11,585,511</u>	<u>\$ 12,824,139</u>	<u>\$ 14,716,026</u>	<u>\$ 15,266,346</u>	<u>\$ 15,243,580</u>	<u>\$ 17,433,161</u>
Business-type activities:										
Investment in capital assets, net of related debt	\$ 8,971,146	\$ 8,993,735	\$ 8,886,720	\$ 9,680,505	\$ 10,491,597	\$ 10,897,151	\$ 11,741,121	\$ 12,426,545	\$ 12,825,555	\$ 12,990,112
Restricted										
Unrestricted	<u>362,018</u>	<u>734,060</u>	<u>1,022,589</u>	<u>313,486</u>	<u>455,105</u>	<u>719,491</u>	<u>544,930</u>	<u>509,716</u>	<u>1,059,979</u>	<u>1,410,857</u>
Total business-type activities net assets	<u>\$ 9,333,164</u>	<u>\$ 9,727,795</u>	<u>\$ 9,909,309</u>	<u>\$ 9,993,991</u>	<u>\$ 10,946,702</u>	<u>\$ 11,616,642</u>	<u>\$ 12,286,051</u>	<u>\$ 12,936,261</u>	<u>\$ 13,885,534</u>	<u>\$ 14,400,969</u>
Primary government:										
Investment in capital assets, net of related debt	\$ 22,677,020	\$ 21,759,000	\$ 21,947,347	\$ 24,745,232	\$ 27,368,201	\$ 28,853,952	\$ 31,275,751	\$ 32,278,686	\$ 33,973,199	\$ 33,836,470
Restricted	1,373,310	1,450,799	1,621,753	1,240,479	1,035,308	1,299,459	1,003,730	1,524,609	1,651,644	2,283,182
Unrestricted	<u>3,957,942</u>	<u>4,616,285</u>	<u>(3,012,850)</u>	<u>(4,906,353)</u>	<u>(5,871,296)</u>	<u>(5,712,630)</u>	<u>(5,277,404)</u>	<u>(5,600,688)</u>	<u>(6,495,729)</u>	<u>(4,285,522)</u>
Total primary government net assets	<u>\$ 28,008,272</u>	<u>\$ 27,826,084</u>	<u>\$ 20,556,250</u>	<u>\$ 21,079,358</u>	<u>\$ 22,532,213</u>	<u>\$ 24,440,781</u>	<u>\$ 27,002,077</u>	<u>\$ 28,202,607</u>	<u>\$ 29,129,114</u>	<u>\$ 31,834,130</u>

**CITY OF EAST GRAND RAPIDS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year 2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Expenses</b>										
Governmental activities:										
Legislative	\$ 63,684	\$ 27,306	\$ 26,252	\$ 27,081	\$ 26,990	\$ 25,224	\$ 50,146	\$ 22,157	\$ 31,136	\$ 28,188
General government	2,201,093	1,725,598	1,823,961	1,889,258	1,913,394	1,944,106	1,992,333	1,900,352	2,195,308	2,916,373
Public safety	4,680,173	4,613,269	4,795,196	6,182,797	4,822,975	5,161,324	5,192,160	5,879,970	7,162,737	4,172,367
Public works	3,225,538	3,296,999	2,967,552	3,495,242	3,694,555	4,148,220	4,510,478	4,490,671	4,553,985	4,742,874
Recreation and cultural	1,928,990	1,950,505	2,010,266	2,135,948	2,134,153	1,982,066	2,058,942	1,905,221	1,797,671	1,947,121
Interest on debt	365,894	322,593	304,525	259,803	250,816	239,861	230,938	211,269	189,504	210,346
Total governmental activities	<u>12,465,372</u>	<u>11,936,270</u>	<u>11,927,752</u>	<u>13,990,129</u>	<u>12,842,883</u>	<u>13,500,801</u>	<u>14,034,997</u>	<u>14,409,640</u>	<u>15,930,341</u>	<u>14,017,269</u>
Business-type activities:										
Water & Sewer utility	<u>3,048,788</u>	<u>3,116,566</u>	<u>3,100,043</u>	<u>3,408,556</u>	<u>3,205,608</u>	<u>3,696,095</u>	<u>3,581,562</u>	<u>3,838,956</u>	<u>3,774,137</u>	<u>4,099,174</u>
Total business-type activities	<u>3,048,788</u>	<u>3,116,566</u>	<u>3,100,043</u>	<u>3,408,556</u>	<u>3,205,608</u>	<u>3,696,095</u>	<u>3,581,562</u>	<u>3,838,956</u>	<u>3,774,137</u>	<u>4,099,174</u>
Total primary government expenses	<u>\$ 15,514,160</u>	<u>\$ 15,052,836</u>	<u>\$ 15,027,795</u>	<u>\$ 17,398,685</u>	<u>\$ 16,048,491</u>	<u>\$ 17,196,896</u>	<u>\$ 17,616,559</u>	<u>\$ 18,248,596</u>	<u>\$ 19,704,478</u>	<u>\$ 18,116,443</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 270,976	\$ 255,234	\$ 270,349	\$ 260,766	\$ 292,349	\$ 501,820	\$ 531,303	\$ 469,764	\$ 457,084	\$ 484,407
Public safety	112,693	94,500	95,372	110,164	40,578	44,955	50,165	31,182	20,449	38,368
Public works	301,147	313,459	349,392	394,781	427,568	171,469	132,333	107,253	126,078	145,110
Recreation and cultural	937,742	969,179	945,404	1,005,241	981,742	1,142,350	1,144,118	802,002	817,701	1,063,627
Operating grants and contributions	797,353	811,262	858,885	933,374	965,237	1,151,240	1,323,884	1,244,771	1,780,334	1,462,150
Capital grants and contributions	-	20,933	100,000	675,542	681,492	165,641	806,463	40,378	70,477	6,848
Total governmental activities	<u>2,419,911</u>	<u>2,464,567</u>	<u>2,619,402</u>	<u>3,379,868</u>	<u>3,388,966</u>	<u>3,177,475</u>	<u>3,988,266</u>	<u>2,695,350</u>	<u>3,272,123</u>	<u>3,200,510</u>
Business-type activities:										
Charges for services:										
Water & Sewer utility	<u>3,702,440</u>	<u>3,497,027</u>	<u>3,279,925</u>	<u>3,490,916</u>	<u>4,211,294</u>	<u>4,364,698</u>	<u>4,247,408</u>	<u>4,485,862</u>	<u>4,723,144</u>	<u>4,614,600</u>
Total business-type activities	<u>3,702,440</u>	<u>3,497,027</u>	<u>3,279,925</u>	<u>3,490,916</u>	<u>4,211,294</u>	<u>4,364,698</u>	<u>4,247,408</u>	<u>4,485,862</u>	<u>4,723,144</u>	<u>4,614,600</u>
Total primary government program revenues	<u>\$ 6,122,351</u>	<u>\$ 5,961,594</u>	<u>\$ 5,899,327</u>	<u>\$ 6,870,784</u>	<u>\$ 7,600,260</u>	<u>\$ 7,542,173</u>	<u>\$ 8,235,674</u>	<u>\$ 7,181,212</u>	<u>\$ 7,995,267</u>	<u>\$ 7,815,110</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	<u>\$ (10,045,461)</u>	<u>\$ (9,471,703)</u>	<u>\$ (9,308,350)</u>	<u>\$ (10,610,261)</u>	<u>\$ (9,453,917)</u>	<u>\$ (10,323,326)</u>	<u>\$ (10,046,731)</u>	<u>\$ (11,714,290)</u>	<u>\$ (12,658,218)</u>	<u>\$ (10,816,759)</u>
Business-type activities	<u>653,652</u>	<u>380,461</u>	<u>179,882</u>	<u>82,360</u>	<u>1,005,686</u>	<u>668,603</u>	<u>665,846</u>	<u>646,906</u>	<u>949,007</u>	<u>515,426</u>
Total primary government net (expense) revenue	<u>\$ (9,391,809)</u>	<u>\$ (9,091,242)</u>	<u>\$ (9,128,468)</u>	<u>\$ (10,527,901)</u>	<u>\$ (8,448,231)</u>	<u>\$ (9,654,723)</u>	<u>\$ (9,380,885)</u>	<u>\$ (11,067,384)</u>	<u>\$ (11,709,211)</u>	<u>\$ (10,301,333)</u>

(Continued)

**CITY OF EAST GRAND RAPIDS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year 2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>General Revenues and Other Changes in Net Asset:</b>										
Governmental activities:										
Property taxes	\$ 8,008,022	\$ 8,063,907	\$ 8,379,859	\$ 9,897,660	\$ 10,065,669	\$ 10,262,194	\$ 10,511,813	\$ 10,850,585	\$ 11,234,211	\$ 11,418,930
State shared revenue	864,849	897,733	914,560	889,995	951,038	1,004,375	1,042,271	1,026,752	1,166,801	1,371,659
Cable Franchise Fees	200,622	204,434	221,047	226,001	224,575	217,300	206,652	191,996	184,172	178,947
Gain (loss) on sale of capital assets	87,537	23,377	19,823	-	-	-	-	-	-	-
Unrestricted investment earnings	29,132	24,221	32,002	35,031	45,918	78,085	177,882	195,277	50,268	36,804
Total governmental activities	<u>9,190,162</u>	<u>9,213,672</u>	<u>9,567,291</u>	<u>11,048,687</u>	<u>11,287,200</u>	<u>11,561,954</u>	<u>11,938,618</u>	<u>12,264,610</u>	<u>12,635,452</u>	<u>13,006,340</u>
Business-type activities:										
Unrestricted investment earnings	162	416	1,632	2,322	28	1,337	3,563	3,304	266	9
Total business-type activities	<u>162</u>	<u>416</u>	<u>1,632</u>	<u>2,322</u>	<u>28</u>	<u>1,337</u>	<u>3,563</u>	<u>3,304</u>	<u>266</u>	<u>9</u>
Total primary government	<u>\$ 9,190,324</u>	<u>\$ 9,214,088</u>	<u>\$ 9,568,923</u>	<u>\$ 11,051,009</u>	<u>\$ 11,287,228</u>	<u>\$ 11,563,291</u>	<u>\$ 11,942,181</u>	<u>\$ 12,267,914</u>	<u>\$ 12,635,718</u>	<u>\$ 13,006,349</u>
<b>Changes in Net Assets</b>										
Governmental activities	\$ (855,299)	\$ (258,031)	\$ 258,941	\$ 438,426	\$ 1,833,283	\$ 1,238,628	\$ 1,891,887	\$ 550,320	\$ 22,766	\$ 2,189,581
Business-type activities	653,814	380,877	181,514	84,682	1,005,714	669,940	669,409	650,210	949,273	515,435
Total primary government	<u>\$ 201,485</u>	<u>\$ 122,846</u>	<u>\$ 440,455</u>	<u>\$ 523,108</u>	<u>\$ 2,838,997</u>	<u>\$ 1,908,568</u>	<u>\$ 2,561,296</u>	<u>\$ 1,200,530</u>	<u>\$ 926,507</u>	<u>\$ 2,705,016</u>

(Concluded)

**CITY OF EAST GRAND RAPIDS**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year 2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund:										
Non-spendable										
Prepaid items	\$ 20,624	\$ 32,651	\$ 155,625	\$ 45,571	\$ 70,352	\$ 53,661	\$ 195,679	\$ 172,350	\$ 35,874	\$ 165,580
Restricted										
Public Safety	48,082	26,744	42,409	77,923	10,000	-	-	-	-	-
Debt Service	-	-	-	-	-	27,500	-	-	-	-
Committed										
Turf Replacement	215,000	255,000	295,000	335,000	375,000	415,000	455,000	488,950	528,950	-
Playground	-	-	-	-	-	-	-	-	30,000	-
Assigned										
Stabilization	-	-	-	-	-	-	-	-	-	-
Future Retirement paymnet	-	-	111,548	111,648	61,648	-	-	-	-	-
Future years expenditures	-	-	80,000	160,000	310,000	330,000	310,000	460,000	264,700	600,210
Unassigned	<u>2,337,715</u>	<u>2,671,837</u>	<u>2,688,359</u>	<u>2,927,029</u>	<u>2,924,531</u>	<u>2,979,241</u>	<u>2,950,962</u>	<u>2,910,686</u>	<u>3,988,350</u>	<u>4,506,654</u>
Total general fund	<u>\$ 2,621,421</u>	<u>\$ 2,986,232</u>	<u>\$ 3,372,941</u>	<u>\$ 3,657,171</u>	<u>\$ 3,751,531</u>	<u>\$ 3,805,402</u>	<u>\$ 3,911,641</u>	<u>\$ 4,031,986</u>	<u>\$ 4,847,874</u>	<u>\$ 5,272,444</u>
All Other Governmental Funds:										
Non-spendable										
Inventory	\$ 17,696	\$ 19,432	\$ 19,990	\$ 33,316	\$ 20,160	\$ 31,802	\$ 48,342	\$ 56,836	\$ 65,260	\$ 28,556
Prepaid items	1,846	-	2,406	3,366	11,871	4,246	4,716	2,732	-	-
Restricted										
Streets	1,258,958	1,398,101	1,168,400	1,153,115	974,864	1,180,004	943,478	1,484,024	1,606,176	2,209,386
Public Safety					43,991	82,502	46,244	21,116	26,663	27,911
Debt Service	140,118	22,285	21,749	4,359	6,453	9,453	14,008	20,343	19,692	25,619
Committed										
Turf Replacement	-	-	-	-	-	-	-	-	-	538,900
Playground	-	-	-	-	-	-	-	-	-	90,000
Park Improvements	-	-	-	-	-	-	-	-	-	5,169,375
Assigned										
Public Safety	-	-	-	-	-	-	-	-	-	887
Capital projects	66,270	25,954	389,195	5,082	-	-	-	-	-	1,483
Total all other governmental funds	<u>\$ 1,484,888</u>	<u>\$ 1,465,772</u>	<u>\$ 1,601,740</u>	<u>\$ 1,199,238</u>	<u>\$ 1,057,339</u>	<u>\$ 1,308,007</u>	<u>\$ 1,056,788</u>	<u>\$ 1,585,051</u>	<u>\$ 1,717,791</u>	<u>\$ 8,092,117</u>

**CITY OF EAST GRAND RAPIDS**  
**Changes In Fund Balances, Governmental Fund**  
**Last Ten Fiscal Years**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Revenues</b>										
Taxes	\$ 8,008,022	\$ 8,063,907	\$ 8,379,859	\$ 9,865,392	\$ 10,045,384	\$ 10,262,194	\$ 10,511,813	\$ 10,850,585	\$ 11,234,211	\$ 11,418,930
Intergovernmental:										
Federal	3,510	-	2,727	-	-	-	-	-	480,472	-
State	1,659,059	1,709,426	1,771,291	1,851,631	1,857,886	2,171,613	2,381,895	2,275,437	2,449,397	2,791,052
Local	-	-	-	-	69,645	69,677	36,423	16,945	41,833	18,897
Licenses and permits	250,571	274,437	277,229	58,838	62,298	65,312	91,397	66,828	85,419	85,416
Charges for services	1,310,311	1,350,190	1,372,801	476,181	509,268	611,503	622,967	549,083	529,165	629,464
Recreation	-	-	-	1,192,142	1,192,418	1,142,350	1,144,118	802,002	817,701	1,063,627
Fines and forfeitures	112,265	94,069	94,799	43,589	36,181	28,957	34,425	27,268	15,668	29,678
Speical Assessments	15,093	10,294	7,511	15,022	-	-	33,728	18,364	28,795	24,619
Interest and rentals	173,877	138,281	163,321	74,619	84,557	111,036	199,900	217,560	86,917	79,884
Other	-	20,933	100,000	362,445	140,836	196,558	132,979	129,459	146,190	82,992
<b>Total revenues</b>	<u>11,532,708</u>	<u>11,661,537</u>	<u>12,169,538</u>	<u>13,939,859</u>	<u>13,998,473</u>	<u>14,659,200</u>	<u>15,189,645</u>	<u>14,953,531</u>	<u>15,915,768</u>	<u>16,224,559</u>
<b>Expenditures</b>										
Legislative	37,256	26,871	26,534	26,992	27,029	25,224	50,146	22,157	31,136	28,188
General government	1,759,383	1,387,485	1,466,254	1,550,667	1,584,615	1,600,759	1,635,884	1,474,794	1,670,838	2,858,699
Public safety	4,320,616	4,294,479	4,377,894	4,682,848	4,928,386	5,104,823	5,251,404	5,418,315	5,523,404	4,123,394
Public works	3,066,412	2,834,035	2,948,292	4,171,004	4,748,371	5,065,852	5,455,259	4,644,604	5,380,839	5,159,487
Recreation and culture	1,580,624	1,650,626	1,682,854	1,849,269	1,873,225	1,852,485	1,954,615	1,741,150	1,718,785	1,782,263
Debt service										
Principal	412,000	503,000	541,000	608,000	631,000	672,000	753,600	786,900	572,900	562,900
Interest	406,726	326,564	316,781	261,740	253,386	243,018	233,717	217,003	197,947	171,288
Bond Issuance costs	-	-	19,010	-	-	-	-	-	-	-
Capital Outlay	225,812	265,274	459,490	907,611	-	-	-	-	-	-
<b>Total expenditures</b>	<u>11,808,829</u>	<u>11,288,334</u>	<u>11,838,109</u>	<u>14,058,131</u>	<u>14,046,012</u>	<u>14,564,161</u>	<u>15,334,625</u>	<u>14,304,923</u>	<u>15,095,849</u>	<u>14,686,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(276,121)</u>	<u>373,203</u>	<u>331,429</u>	<u>(118,272)</u>	<u>(47,539)</u>	<u>95,039</u>	<u>(144,980)</u>	<u>648,608</u>	<u>819,919</u>	<u>1,538,340</u>
<b>Other Financing Sources (Uses)</b>										
Payment of refunded bond escrow	(7,980,000)	-	(1,225,000)	-	-	-	-	-	(6,287,368)	-
Transfers in	1,326,138	1,314,252	1,295,172	2,285,506	2,869,134	2,308,741	2,348,671	2,744,118	2,748,652	2,774,139
Transfers out	(1,326,138)	(1,341,760)	(1,295,172)	(2,285,506)	(2,869,134)	(2,308,741)	(2,348,671)	(2,744,118)	(2,748,652)	(2,774,139)
Bond Premium	-	-	-	-	-	-	-	-	-	80,556
Bonds issued	8,400,000	-	1,304,600	-	-	209,500	-	-	6,416,077	5,180,000
<b>Total other financing sources (uses)</b>	<u>420,000</u>	<u>(27,508)</u>	<u>79,600</u>	<u>-</u>	<u>-</u>	<u>209,500</u>	<u>-</u>	<u>-</u>	<u>128,709</u>	<u>5,260,556</u>
<b>Net changes in fund balances</b>	<u>\$ 143,879</u>	<u>\$ 345,695</u>	<u>\$ 411,029</u>	<u>\$ (118,272)</u>	<u>\$ (47,539)</u>	<u>\$ 304,539</u>	<u>\$ (144,980)</u>	<u>\$ 648,608</u>	<u>\$ 948,628</u>	<u>\$ 6,798,896</u>

**CITY OF EAST GRAND RAPIDS**  
**Tax Revenues By Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

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<b>Year Ended June 30</b>	<b>General Property Taxes</b>
2013	\$ 8,008,022
2014	8,063,907
2015	8,379,859
2016	9,865,392
2017	10,045,384
2018	10,262,194
2019	10,511,813
2020	10,850,585
2021	11,234,211
2022	11,418,930

**CITY OF EAST GRAND RAPIDS**  
**State Equalized Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ending	Real Property		Personal Property		Total	
	*State Equalized Value	Taxable Value	*State Equalized Value	Taxable Value	*State Equalized Value	Taxable Value
2013	\$ 600,650,000	\$ 538,022,794	\$ 7,240,800	\$ 7,240,800	\$ 607,890,800	\$ 545,263,594
2014	638,151,300	558,142,573	7,236,300	7,236,300	645,387,600	565,378,873
2015	671,566,200	578,871,520	6,977,600	6,847,188	678,543,800	585,718,708
2016	740,518,800	606,339,273	6,589,000	6,103,781	747,107,800	612,443,054
2017	802,859,200	626,672,314	6,784,700	6,448,776	809,643,900	633,121,090
2018	845,258,700	648,572,129	7,969,300	7,614,892	853,228,000	656,187,021
2019	871,067,400	680,104,942	9,760,600	9,514,808	880,828,000	689,619,750
2020	915,273,600	714,914,588	9,723,400	9,654,821	924,997,000	724,569,409
2021	978,923,100	747,032,646	9,747,900	9,747,900	988,671,000	756,780,546
2022	1,045,783,700	779,046,664	8,981,400	8,981,400	1,054,765,100	788,028,064

Source: East Grand Rapids Assessor

The City's millage rate is currently limited to 15 mills for operations.

The maximum allowable millage rate after Headlee Rollback Reduction is 11.7975 mills for 2022.

**CITY OF EAST GRAND RAPIDS**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$1,000 of Taxable Value)**  
**Last Ten Fiscal Years**

<b>Year of Levy</b>	<b>City Direct Rate</b>	<b>City Road Rate</b>	<b>City Debt Rate</b>	<b>Kent County</b>	<b>Kent District Library</b>	<b>State Education Tax</b>	<b>Kent Intermediate School District</b>	<b>Grand Rapids Community College</b>	<b>Rapid Transit</b>	<b>East GR School District</b>	<b>Resident Total</b>
2013 Homestead	13.5195		1.1328	5.3940	0.8800	6.0000	4.6903	1.7865	1.4100	9.7881	44.6012
Non Homestead	13.5195	-	1.1328	5.3940	0.8800	6.0000	4.6903	1.7865	1.4100	27.7881	62.6012
2014 Homestead	13.4586	-	0.7701	5.3940	0.8800	6.0000	4.6903	1.7865	1.4700	9.7798	44.2293
Non Homestead	13.4586	-	0.7701	5.3940	0.8800	6.0000	4.6903	1.7865	1.4700	27.6878	62.1373
2015 Homestead	13.3119	-	0.9772	5.6196	1.2800	6.0000	4.6903	1.7865	1.4700	12.2690	47.4045
Non Homestead	13.3119	-	0.9772	5.6196	1.2800	6.0000	4.6903	1.7865	1.4700	30.1574	65.2929
2016 Homestead	13.1149	2.0000	0.9642	5.6196	1.2800	6.0000	4.7903	1.7865	1.4700	11.7421	48.7676
Non Homestead	13.1149	2.0000	0.9642	5.6196	1.2800	6.0000	4.7903	1.7865	1.4700	28.8952	65.9207
2017 Homestead	12.8827	1.9646	0.9893	6.0596	1.2800	6.0000	4.7903	1.7865	1.4688	11.7308	48.9526
Non Homestead	12.8827	1.9646	0.9893	6.0596	1.2800	6.0000	4.7903	1.7865	1.4688	29.7308	66.9526
2018 Homestead	12.6817	1.9339	0.999	6.0518	1.2774	6.0000	5.6694	1.7788	1.4632	11.7009	49.5561
Non Homestead	12.6817	1.9339	0.999	6.0518	1.2774	6.0000	5.6694	1.7788	1.4632	29.7009	67.5561
2019 Homestead	12.4331	1.8074	0.9752	6.2947	1.2733	6.0000	5.6465	1.7716	1.4658	11.6663	49.3339
Non Homestead	12.4331	1.8074	0.9752	6.2947	1.2733	6.0000	5.6465	1.7716	1.4658	29.2921	66.9597
2020 Homestead	12.2428	1.7587	0.9634	6.2584	1.2661	6.0000	5.6113	1.7606	1.4556	11.6410	48.9579
Non Homestead	12.2428	1.7587	0.9634	6.2584	1.2661	6.0000	5.6113	1.7606	1.4556	29.6410	66.9579
2021 Homestead	12.0322	1.8346	0.9582	6.2100	1.2581	6.0000	5.5684	1.7472	1.4457	11.6120	48.6664
Non Homestead	12.0322	1.8346	0.9582	6.2100	1.2581	6.0000	5.5684	1.7472	1.4457	29.6120	66.6664
2022 Homestead	11.7975	1.7988	0.8829	6.1521	1.2484	6.0000	5.5157	1.7307	1.4308	11.5799	48.1368
Non Homestead	11.7975	1.7988	0.8829	6.1521	1.2484	6.0000	5.5157	1.7307	1.4308	29.5799	66.1368

Source: East Grand Rapids Treasurer  
The city's millage rate is currently limited to 15 mills for operations  
The city's millage rate is exclusively for operating.  
The maximum allowable millage rate after Headlee Rollback Reduction is 11.7975 mills for 2022.

**CITY OF EAST GRAND RAPIDS  
Principal Property Taxpayers  
Current year and nine years ago**

Taxpayer	Type of Business	2022			2013		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Jade Pig Ventures EGR LLC	Real Estate	\$ 7,873,917	1	1.00%	\$ 6,204,800	1	1.14%
Consumers Energy Cc	Utility	3,800,700	2	0.48%	1,764,900	5	0.32%
Spectrum Health Hospitals	Medical	3,587,809	3	0.46%	2,696,700	2	0.49%
Hayden, Matthew W Trust	Residential	2,630,100	4	0.33%			0.00%
Spectrum Medical Building	Medical	2,364,732	5	0.30%			0.00%
DTE Gas Company	Utility	2,147,600	6	0.27%	1,143,200	9	0.21%
Lakewood Hills LLC	Residential	2,103,834	7	0.27%	1,820,517	3	0.33%
Geenen, David	Residential	2,090,332	8	0.27%	1,808,836	4	0.33%
Greenbrier Trust Declarator	Retailer	1,799,020	9	0.23%			0.00%
Bissell Mark & Catherine	Residential	1,718,404	10	0.22%	1,486,995	6	0.27%
Corl, Robert Trust	Residential				1,207,080	7	0.22%
Jade Pig Ventures EB3 LLC	Real Estate				1,185,200	8	0.22%
Devon, Wesley Scott & Terr					1,069,312	10	0.20%
Ten Largest Taxpayers		30,116,448		3.82%	20,387,540		3.74%
Other Taxpayers		757,911,616			524,876,054		
Total Taxable Value		<u>\$788,028,064</u>			<u>\$545,263,594</u>		

Source: East Grand Rapids City Assessor

**CITY OF EAST GRAND RAPIDS**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections Total Levy</b>
2013	\$ 7,865,004	\$ 7,748,688	98.52	\$ 111,915	\$ 7,860,604	99.94
2014	8,112,279	8,022,312	98.89	89,869	8,112,180	100.00
2015	8,369,333	8,280,286	98.94	85,612	8,365,898	99.96
2016	9,847,459	9,786,065	99.38	59,726	9,845,791	99.98
2017	10,026,405	9,924,313	98.98	97,217	10,021,530	99.95
2018	10,246,017	10,168,685	99.25	74,076	10,242,761	99.97
2019	10,492,967	10,411,396	99.22	80,206	10,491,602	99.99
2020	10,834,194	10,739,606	99.13	90,590	10,830,196	99.96
2021	11,219,191	11,157,244	99.45	54,692	11,211,936	99.94
2022	11,411,057	11,370,257	99.64	34,091	11,404,348	99.94

Source: East Grand Rapids Treasurer

**CITY OF EAST GRAND RAPIDS**  
**Ratios Of Outstanding Debt By Type**  
**Last Ten Fiscal Years**

<b>Year Ended December 31</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Net Bonded Debt Per Capita<sup>1</sup></b>
	<b>Installment Purchase Agreements</b>	<b>Private Placement Bond</b>	<b>General Obligation Bonds</b>	<b>Silver Creek Drain Note</b>			
2013	\$ -	\$ 2,801,000	\$ 8,520,000	\$ 397,597	\$ 11,718,597	41.44%	\$ 388
2014	-	2,488,000	8,330,000	251,352	11,069,352	37.17%	367
2015	-	2,182,000	8,120,000	147,318	10,449,318	32.91%	346
2016	-	1,824,000	7,870,000	40,017	9,734,017	29.87%	322
2017	-	1,458,000	7,605,000	-	9,063,000	27.56%	293
2018	209,500	1,081,000	7,310,000	-	8,600,500	25.23%	278
2019	159,900	692,000	6,995,000	-	7,846,900	22.21%	254
2020	118,000	297,000	6,645,000	-	7,060,000	18.67%	228
2021	76,100	151,000	5,665,000	-	5,892,100	N/A	190
2022	34,200	-	10,475,000	-	10,509,200	N/A	340

**CITY OF EAST GRAND RAPIDS**  
**Ratios Of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

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<b>Year Ended June 30</b>	<b>Estimated Population</b>	<b>State Equalized Valuation</b>	<b>General Obligation Debt</b>	<b>Percentage of Estimated Actual Value of Taxable Property</b>	<b>Per Capita</b>
2013	11,203	607,890,800	11,718,597	1.93%	1,046
2014	11,355	645,387,600	11,069,352	1.72%	975
2015	11,521	678,543,800	10,449,318	1.54%	907
2016	11,702	747,107,800	9,734,017	1.30%	832
2017	11,745	809,643,900	9,063,000	1.12%	772
2018	11,873	853,228,000	8,600,500	1.01%	724
2019	11,952	880,828,000	7,846,900	0.89%	657
2020	11,371	924,997,000	7,060,000	0.76%	621
2021	11,389	988,671,000	5,892,100	0.60%	518
2022	11,507	1,054,765,100	10,509,200	1.00%	923

**CITY OF EAST GRAND RAPIDS**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2022**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>City's Share of Debt</u>
Direct:		
City of East Grand Rapids	\$ 10,509,200	\$ 10,509,200
Overlapping (2):		
Kent County	92,105,000	2,735,519
Grand Rapids Community College	23,775,000	682,343
East Grand Rapids School District	73,352,121	69,171,050
Total Overlapping Debt		<u>72,588,912</u>
Total Direct and Overlapping Debt		<u><u>\$83,098,112</u></u>

- (1) Excluding general obligation limited tax and revenue bonds reported in the enterprise funds.  
(2) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of City of East Grand Rapids are liable in addition to debt issued by the City of East Grand Rapids.  
Source: Municipal Advisory Council of Michigan and City of East Grand Rapid

**CITY OF EAST GRAND RAPIDS**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Fiscal Year</u>		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
					<u>2017</u>	<u>2018</u>				
Debt Limit	\$ 60,789,080	\$ 64,538,760	\$ 67,854,380	\$ 74,710,780	\$ 80,964,390	\$ 85,322,800	\$ 88,082,800	\$ 92,499,700	\$ 98,867,100	\$ 105,476,510
Net General Obligation Debt Subject to Limitation	<u>11,321,000</u>	<u>10,818,000</u>	<u>10,302,000</u>	<u>9,694,000</u>	<u>9,063,000</u>	<u>8,600,500</u>	<u>7,846,900</u>	<u>7,060,000</u>	<u>5,892,100</u>	<u>10,509,200</u>
Legal Debt Margin	<u>\$ 49,468,080</u>	<u>\$ 53,720,760</u>	<u>\$ 57,552,380</u>	<u>\$ 65,016,780</u>	<u>\$ 71,901,390</u>	<u>\$ 76,722,300</u>	<u>\$ 80,235,900</u>	<u>\$ 85,439,700</u>	<u>\$ 92,975,000</u>	<u>\$ 94,967,310</u>
Total net debt applicable to the limit as a percentage of the debt limit	18.62%	16.76%	15.18%	12.98%	11.19%	10.08%	8.91%	7.63%	5.96%	9.96%

**Legal Debt Margin Calculation for Fiscal Year 2022**

State Equalized Valuation	<u>\$ 1,054,765,100</u>
Debt Limit - 10% of State Equalized Value	<u>\$ 105,476,510</u>
Debt Outstanding	10,509,200
Less: Exempt Debt	<u>4,617,100</u>
Net General Obligation Debt Subject to Limitation	<u>5,892,100</u>
Legal Debt Margin	<u>\$ 99,584,410</u>

State law limits the amount of township general obligation debt to 10% of state equalized value.  
(1) Includes the State Equalized Valuation of property granted tax abatement under Act 198.

**CITY OF EAST GRAND RAPIDS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Population</b>	<b>Per Capita Personal Income<sup>5</sup></b>	<b>Total Personal Income (thousands) <sup>5</sup></b>	<b>Unemployment Rate<sup>6</sup></b>
2012	11,015 <sup>1</sup>	\$ 45,803	\$ 28,208,450	6.5
2013	11,203 <sup>1</sup>	45,289	28,278,568	6.5
2014	11,355 <sup>1</sup>	47,167	29,783,992	4.9
2015	11,521 <sup>1</sup>	49,814	31,748,325	3.6
2016	11,702 <sup>1</sup>	50,584	32,587,227	3.4
2017	11,745 <sup>1</sup>	50,621	32,889,558	3.5
2018	11,873 <sup>1</sup>	52,153	34,088,760	3.0
2019	11,952 <sup>1</sup>	53,799	35,335,459	2.9
2020	11,371 <sup>2</sup>	57,397	37,807,976	7.6
2021	11,389 <sup>3</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	4.7

Source: U.S. Department of Labor (per capital income and unemployment rates)

<sup>1</sup> Population estimates, US Census Bureau, City & Town Population Totals 2010-2020

<sup>2</sup> 2020 Census

<sup>3</sup> Population estimate, US Census Bureau Quick Facts

<sup>4</sup> Information not available

<sup>5</sup> Bureau of Economic Analysis, US Dept of Commerce (Kent County)

<sup>6</sup> Michigan Labor Market Information, Unemployment Statistics

**CITY OF EAST GRAND RAPIDS**  
**Full-Time Equivalent City Employees By Function**  
**Last Ten Fiscal Years**

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<b>Function</b>	<b>Fiscal Year</b>									
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General government	16.9	16.2	17.8	16.4	17.9	17.0	16.9	15.9	16.6	15.2
Public safety	30.0	29.0	29.0	29.0	28.0	28.0	29.0	28.0	28.0	29.0
Parks and recreation	8.8	8.8	9.6	9.8	9.7	9.8	10.2	10.2	9.3	7.6
Water, Sewer, Streets	19.0	18.0	16.0	17.0	17.0	17.0	17.0	18.7	18.7	19.6
<b>Total</b>	<b>74.7</b>	<b>72.0</b>	<b>72.4</b>	<b>72.2</b>	<b>72.6</b>	<b>71.8</b>	<b>73.1</b>	<b>72.8</b>	<b>72.6</b>	<b>71.4</b>

Source: East Grand Rapids payroll records

## **INTERNAL CONTROL AND COMPLIANCE**



## Vredeveld Haefner LLC

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### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 12, 2022

Honorable Mayor and Members of the City Commission  
City of East Grand Rapids, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Grand Rapids, Michigan, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2022.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Orederold Haefner LLC*