

**CITY OF GRAND LEDGE
EATON COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other supplementary information)**

YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Grand Ledge, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Ledge, Michigan (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Ledge, Michigan, as of June 30, 2021, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 13 to the financial statements, the City implemented GASB Statement No. 84, *Fiduciary Activities*, during the year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in net pension liability and contributions, and schedules of changes in net OPEB asset and contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Other 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Manes Costeiron PC

September 30, 2021

CITY OF GRAND LEDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Ledge, we offer readers of the City of Grand Ledge financial statements this narrative overview and analysis of the financial activities of the City of Grand Ledge for the fiscal year ended June 30, 2021.

Financial Highlights

- At the close of the fiscal year, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$41,716,084 (net position). Of this amount, \$7,180,874 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,678,727.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,155,790, a decrease of \$2,587,797 from the prior year, of which \$1,316,452 is available for unrestricted spending (unassigned fund balance). The decrease of \$2,587,797 is primarily due to capital outlay from the 2019 Capital Improvement Bonds issued during a prior fiscal year.
- Fund balance of the General Fund decreased by \$48,742 during the current fiscal year, compared to the \$244,993 decrease to fund balance anticipated in the final budget. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,316,452 or 37.5% of total General Fund expenditures and other financing uses.

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 are comprised of 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, deferred outflows, liabilities and deferred inflows. 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 government'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., earned but unused vacation leave).

CITY OF GRAND LEDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

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 general government, public safety, highways and streets, and recreation and culture. The business-type activities of the City include water and sewer enterprise operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate entities for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The component units are the Downtown Development Authority and the Local Development Finance Authority.

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 government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major streets, municipal streets, and capital improvements funds, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

CITY OF GRAND LEDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment operating and employee benefits services. Because these services predominantly benefit governmental rather than business-type functions, they have been largely included within 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 enterprise fund, which is considered to be a major fund of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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. Required supplementary information includes this management's discussion and analysis and the schedules for the City's pension and other post-employment benefits plans.

The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$41,716,084 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (77.5%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, systems, parks, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

**CITY OF GRAND LEDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City as a Whole

The following table shows, in a condensed format, the current year's net position for the years ended June 30, 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 4,793,251	\$ 7,628,093	\$ 6,756,797	\$ 2,711,901	\$ 11,550,048	\$ 10,339,994
Capital assets, net	26,821,091	23,658,378	20,441,241	19,636,945	47,262,332	43,295,323
TOTAL ASSETS	31,614,342	31,286,471	27,198,038	22,348,846	58,812,380	53,635,317
DEFERRED OUTFLOWS OF RESOURCES	688,106	528,771	91,055	111,322	779,161	640,093
LIABILITIES						
Current	1,537,277	1,258,525	1,192,717	888,280	2,729,994	2,146,805
Noncurrent	8,227,305	5,933,836	6,624,954	4,649,840	14,852,259	10,583,676
TOTAL LIABILITIES	9,764,582	7,192,361	7,817,671	5,538,120	17,582,253	12,730,481
DEFERRED INFLOWS OF RESOURCES	281,253	199,633	11,951	3,822	293,204	203,455
NET POSITION						
Net invested in capital assets	19,376,475	15,998,880	12,966,392	13,721,048	32,342,867	29,719,928
Restricted	2,114,928	1,531,316	77,415	10,441	2,192,343	1,541,757
Unrestricted	765,210	193,824	6,415,664	2,493,189	7,180,874	2,687,013
TOTAL NET POSITION	\$ 22,256,613	\$ 17,724,020	\$ 19,459,471	\$ 16,224,678	\$ 41,716,084	\$ 33,948,698

Approximately 87.1% of the City's net position of governmental activities reflects its investment in capital less any related debt used to acquire those assets. Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of governmental activities of \$765,210 represents the amount that may be used to meet the City's ongoing obligations.

Governmental Activities

Net position of the City's governmental activities increased approximately \$1,581,250, or 7.10%, to \$22.26 million. This increase demonstrates an ongoing continued commitment to asset management, maintaining streets, enhancing parks, delivering municipal services and providing public safety.

Business-type Activities

The net position of the City's business-type activities increased approximately \$1,097,477, or 5.64%, to \$19.5 million during the fiscal year. This increase is due to continued investment in infrastructure, maintenance of water and sanitary sewer mains, as well as improvements to the water and wastewater treatment facilities.

**CITY OF GRAND LEDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table illustrates the varying results of the governmental activities and business-type activities, which combine to capture the City's total net position, for the years ended June 30, 2021 and 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenue						
Charges for services	\$ 803,259	\$ 874,142	\$ 4,671,468	\$ 5,374,098	\$ 5,474,727	\$ 6,248,240
Operating grants and contributions	1,142,799	1,081,342	-	-	1,142,799	1,081,342
Capital grants and contributions	205,473	2,209,698	-	-	205,473	2,209,698
General revenues						
Property taxes	2,627,506	2,530,385	-	-	2,627,506	2,530,385
State Revenue Sharing	868,674	761,488	-	-	868,674	761,488
Investment earnings	6,624	72,742	6,783	21,118	13,407	93,860
Miscellaneous	107,367	111,488	-	-	107,367	111,488
Transfers	295,764	49,240	(295,764)	(49,240)	-	-
TOTAL REVENUES	6,057,466	7,690,525	4,382,487	5,345,976	10,439,953	13,036,501
EXPENSES						
General government	1,872,151	900,811	-	-	1,872,151	900,811
Public safety	1,838,719	1,624,253	-	-	1,838,719	1,624,253
Public works	226,231	1,754,832	-	-	226,231	1,754,832
Community and economic development	51,566	47,902	-	-	51,566	47,902
Recreation and culture	138,277	193,531	-	-	138,277	193,531
Interest on long-term debt	349,272	217,853	-	-	349,272	217,853
Water and Sewer	-	-	3,285,010	3,208,660	3,285,010	3,208,660
TOTAL EXPENSES	4,476,216	4,739,182	3,285,010	3,208,660	7,761,226	7,947,842
Change in net position	\$ 1,581,250	\$ 2,951,343	\$ 1,097,477	\$ 2,137,316	\$ 2,678,727	\$ 5,088,659

Financial Analysis of the City's Funds

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 the 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 \$3,155,790, a decrease of \$2,587,797 from the prior year. Of the total fund balance, 41.7% or \$1,316,452 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is divided into categories based on the relative strength of the constraints that control how amounts can be spent. Restricted fund balance of \$1,838,838 consists of items that can only be spent for specific purposes based on external resource providers or legislation. Funds included in this category are the major, local, and municipal street funds, other special revenue funds, debt service funds, and capital projects fund financed by bond proceeds.

**CITY OF GRAND LEDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,316,452. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures and other financing uses. Unassigned fund balance represents 37.5% of total General Fund expenditures and other financing uses. Total fund balance decreased by \$48,742 during the current fiscal year.

The Major Streets Fund had total restricted fund balance of \$439,647, a decrease of \$330,452. The primary revenue source for this fund is State Act 51 revenue. Any unspent amounts at year-end are restricted for delayed and future street projects.

The Municipal Streets Fund had total restricted fund balance of \$468,735, a decrease of \$65,938. The primary revenue source for this fund is a dedicated property tax millage. Any unspent amounts at year-end are restricted for future street expenditures.

The Bond Capital Improvements Fund had restricted fund balance of \$716, which represents unexpended bond proceeds. The 2019 capital improvement bonds, issued in December 2019, are being used for street improvements, water and sewer system improvements, and equipment purchases.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer enterprise fund at the end of the year amounted to \$6,392,287. The fund had an increase in net position for the year of \$1,091,324. Factors related to this fund are addressed in the analysis for business-type activities.

General Fund Budgetary Highlights (Non-GAAP Basis)

Differences between the original and final amended budgets for expenditures were relatively minor. Changes between original and final budget balances result from the carryover of certain budget appropriations under the City's budgetary policies, taking advantage of grant opportunities, and several complementary appropriations.

In total, the General Fund had a negative variance in the net change in fund balance of \$48,742. The most significant fluctuation with the final amended expenditure budget relates to general government activities that were approximately \$86,891 under budget due to strong control over expenditures. On the revenue side, revenues come in approximately \$32,376 higher than expected mainly in intergovernmental revenue that was over budget by \$113,717.

**CITY OF GRAND LEDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

At the end of the 2021 fiscal year, the City had invested approximately \$47.2 million in a broad range of capital assets, including buildings and improvements, public safety (police) equipment, parks and recreational facilities, roads, a water well, and water and sewer lines, net of accumulated depreciation. More detailed information about the City's capital assets is presented in Note 5 to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,234,333	\$ 587,294	\$ 2,821,627
Land improvements	2,954,151	42,932	2,997,083
Buildings and improvements	3,779,182	19,457,186	23,236,368
Equipment	1,178,802	353,829	1,532,631
Infrastructure	16,674,623	-	16,674,623
Capital assets, net	<u>\$ 26,821,091</u>	<u>\$ 20,441,241</u>	<u>\$ 47,262,332</u>

At year end, the City had approximately \$14.55 million in bonds and other obligations outstanding. This represents a decrease of \$1.6 million from the previous fiscal year. More detailed information about the City's long-term liabilities is presented in Note 6 to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 7,139,059	\$ 4,995,003	\$ 12,134,062
Contractual obligation with Eaton County	-	2,120,000	2,120,000
Accrued compensated absences	224,321	72,301	296,622
Total outstanding debt	<u>\$ 7,363,380</u>	<u>\$ 7,187,304</u>	<u>\$ 14,550,684</u>

The City also had \$841,037 in net unamortized bond items at June 30, 2021. The City of Grand Ledge has been given a bond rating of "AA-" by Standard and Poor's.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenue and state revenue sharing conservative increases.
- Increase in water/sewer utility rates annually effective July 1, to reflect, at minimum, the consumer price index.
- Contribution of \$75,000 to the trust established to advance-funding the City's retiree healthcare plan.
- The City has not budgeted to contribute to the OPEB trust but neither is it budgeted to withdraw from the trust at this time.
- Exclusion of Retiree Health Care for all employees hired on or after July 1, 2018.
- Exclusion of Defined Benefits for Police Command employees hired on or after July 1, 2018.

**CITY OF GRAND LEDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Contacting the City of Grand Ledge Management

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the City Finance Director at 310 Greenwood, Grand Ledge, Michigan 48837.

BASIC FINANCIAL STATEMENTS

CITY OF GRAND LEDGE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,496,022	\$ 4,062,658	\$ 9,558,680	\$ 671,090
Receivables	87,686	956,862	1,044,548	-
Internal balances	(1,672,174)	1,672,174	-	-
Due from other governmental units	308,242	-	308,242	75,000
Prepays	42,527	-	42,527	-
Total current assets	<u>4,262,303</u>	<u>6,691,694</u>	<u>10,953,997</u>	<u>746,090</u>
Noncurrent assets				
Capital assets not being depreciated	2,234,333	587,294	2,821,627	2,884,103
Capital assets, net of accumulated depreciation	24,586,758	19,853,947	44,440,705	1,611,295
Net other post-employment benefits asset	530,948	65,103	596,051	-
Total noncurrent assets	<u>27,352,039</u>	<u>20,506,344</u>	<u>47,858,383</u>	<u>4,495,398</u>
TOTAL ASSETS	<u>31,614,342</u>	<u>27,198,038</u>	<u>58,812,380</u>	<u>5,241,488</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	66,792	66,792	1,601
Deferred outflows of resources related to pensions	361,255	-	361,255	-
Deferred outflows of resources related to OPEB	326,851	24,263	351,114	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>688,106</u>	<u>91,055</u>	<u>779,161</u>	<u>1,601</u>
LIABILITIES				
Current liabilities				
Accounts payable	392,781	107,358	500,139	72,439
Accrued liabilities	129,186	54,223	183,409	7,360
Accrued interest payable	34,816	42,148	76,964	4,531
Unearned revenue	226,535	-	226,535	-
Current portion of compensated absences	224,321	72,301	296,622	-
Current portion of long-term debt	529,638	916,687	1,446,325	188,845
Total current liabilities	<u>1,537,277</u>	<u>1,192,717</u>	<u>2,729,994</u>	<u>273,175</u>
Noncurrent liabilities				
Noncurrent portion of long-term debt	6,914,978	6,624,954	13,539,932	544,902
Net pension liability	1,312,327	-	1,312,327	-
Total noncurrent liabilities	<u>8,227,305</u>	<u>6,624,954</u>	<u>14,852,259</u>	<u>544,902</u>
TOTAL LIABILITIES	<u>9,764,582</u>	<u>7,817,671</u>	<u>17,582,253</u>	<u>818,077</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	193,690	-	193,690	-
Deferred inflows of resources related to OPEB	95,570	11,951	107,521	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>289,260</u>	<u>11,951</u>	<u>301,641</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	19,376,475	12,966,392	32,342,867	3,763,252
Restricted	2,114,928	77,415	2,192,343	661,760
Unrestricted	765,210	6,415,664	7,180,874	-
TOTAL NET POSITION	<u>\$ 22,256,613</u>	<u>\$ 19,459,471</u>	<u>\$ 41,716,084</u>	<u>\$ 4,425,012</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,872,151	\$ 337,778	\$ 205,004	\$ -	\$ (1,329,369)	\$ -	\$ (1,329,369)	\$ -
Public safety	1,838,719	231,228	31,205	-	(1,576,286)	-	(1,576,286)	-
Public works	226,231	226,529	904,885	30,000	935,183	-	935,183	-
Community and economic development	51,566	3,899	-	175,473	127,806	-	127,806	-
Recreation and culture	138,277	3,825	1,705	-	(132,747)	-	(132,747)	-
Interest on long-term debt	349,272	-	-	-	(349,272)	-	(349,272)	-
Total governmental activities	4,476,216	803,259	1,142,799	205,473	(2,324,685)	-	(2,324,685)	-
Business-type activities								
Water and Sewer	3,285,010	4,671,468	-	-	-	1,386,458	1,386,458	-
Total primary government	7,761,226	5,474,727	1,142,799	205,473	(2,324,685)	1,386,458	(938,227)	-
Component units								
Downtown Development Authority	793,057	-	79,101	-	-	-	-	(713,956)
Local Development Finance Authority	203,623	-	75,000	-	-	-	-	(128,623)
Total component units	\$ 996,680	\$ -	\$ 154,101	\$ -	-	-	-	(842,579)
General revenues								
Property taxes					2,627,506	-	2,627,506	969,240
State shared revenue					868,674	-	868,674	-
Investment earnings					6,624	6,783	13,407	1,043
Miscellaneous					107,367	-	107,367	19,986
Transfers					295,764	(295,764)	-	-
Total general revenues and transfers					3,905,935	(288,981)	3,616,954	990,269
Change in net position					1,581,250	1,097,477	2,678,727	147,690
Net position, beginning of the year					20,675,363	18,361,994	39,037,357	4,277,322
Net position, end of year					\$ 22,256,613	\$ 19,459,471	\$ 41,716,084	\$ 4,425,012

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	General	Major Streets	Municipal Streets	Bond Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,496,776	\$ 335,688	\$ 481,778	\$ 1,901,381	\$ 937,020	\$ 5,152,643
Receivables						
Accounts	66,107	2,961	-	-	2,961	72,029
Taxes	5,960	-	1,788	-	596	8,344
Due from other governmental units	160,338	108,419	-	-	39,485	308,242
Prepays	-	-	-	-	500	500
TOTAL ASSETS	<u>\$ 1,729,181</u>	<u>\$ 447,068</u>	<u>\$ 483,566</u>	<u>\$ 1,901,381</u>	<u>\$ 980,562</u>	<u>\$ 5,541,758</u>
LIABILITIES						
Accounts payable	\$ 82,254	\$ 2,925	\$ 8,640	\$ 251,868	\$ 38,452	\$ 384,139
Accrued liabilities	97,980	4,496	4,403	-	11,274	118,153
Due to other funds	-	-	-	1,648,797	-	1,648,797
Unearned revenue	226,535	-	-	-	-	226,535
TOTAL LIABILITIES	<u>406,769</u>	<u>7,421</u>	<u>13,043</u>	<u>1,900,665</u>	<u>49,726</u>	<u>2,377,624</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	5,960	-	1,788	-	596	8,344
FUND BALANCES						
Nonspendable	-	-	-	-	500	500
Restricted	-	439,647	468,735	716	929,740	1,838,838
Unassigned	1,316,452	-	-	-	-	1,316,452
TOTAL FUND BALANCES	<u>1,316,452</u>	<u>439,647</u>	<u>468,735</u>	<u>716</u>	<u>930,240</u>	<u>3,155,790</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,729,181</u>	<u>\$ 447,068</u>	<u>\$ 483,566</u>	<u>\$ 1,901,381</u>	<u>\$ 980,562</u>	<u>\$ 5,541,758</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 3,155,790

Amounts reported for the governmental activities in the statement of net position are different because:

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

The cost of capital assets is	\$ 34,769,691	
Accumulated depreciation is	(9,096,947)	
Capital assets, net		25,672,744

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities and business-type activities in the Government-wide Statement of Net Position.

Net position of governmental activities accounted for in the Internal Service Funds		690,159
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Long-term receivables are not available to pay for current period expenditures and, therefore, are considered unavailable in the funds. These consist of:

Unavailable revenue		16,351
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Some assets are not a current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:

Net other post-employment benefits asset		530,948
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Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	361,255	
Deferred inflows of resources related to pensions	(193,690)	
Deferred outflows of resources related to OPEB	326,851	
Deferred inflows of resources related to OPEB	(95,570)	
		398,846

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Direct City obligations	(6,336,236)	
Capitalized bond premiums/discounts	(305,557)	
Accrued interest payable	(30,425)	
Compensated absences	(223,680)	
Net pension liability	(1,312,327)	
		(8,208,225)

Net Position of Governmental Activities \$ 22,256,613

**CITY OF GRAND LEDGE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	General	Major Streets	Municipal Streets	Bond Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 1,784,817	\$ -	\$ 802,963	\$ -	\$ 165,985	\$ 2,753,765
Licenses and permits	220,199	-	-	-	-	220,199
Intergovernmental	1,125,518	653,873	-	-	418,342	2,197,733
Charges for services	287,368	-	-	-	-	287,368
Fines and forfeits	11,735	-	-	-	-	11,735
Interest and rents	35,401	567	440	-	88,874	125,282
Other	50	8,070	77	-	157,423	165,620
TOTAL REVENUES	3,465,088	662,510	803,480	-	830,624	5,761,702
EXPENDITURES						
Current						
General government	1,199,702	-	-	-	74,014	1,273,716
Public safety	1,856,827	-	-	-	7,602	1,864,429
Public works	124,175	732,258	365,165	-	389,695	1,611,293
Community and economic development	51,566	-	-	-	-	51,566
Recreation and culture	-	-	-	-	150,313	150,313
Capital outlay	-	-	-	2,566,305	-	2,566,305
Debt service	150,230	-	-	-	864,581	1,014,811
TOTAL EXPENDITURES	3,382,500	732,258	365,165	2,566,305	1,486,205	8,532,433
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	82,588	(69,748)	438,315	(2,566,305)	(655,581)	(2,770,731)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	143,000	967,421	1,110,421
Transfers out	(131,330)	(260,704)	(504,253)	-	(31,200)	(927,487)
TOTAL OTHER FINANCING SOURCES (USES)	(131,330)	(260,704)	(504,253)	143,000	936,221	182,934
NET CHANGE IN FUND BALANCES	(48,742)	(330,452)	(65,938)	(2,423,305)	280,640	(2,587,797)
Fund balances, beginning of year	1,365,194	770,099	534,673	2,424,021	649,600	5,743,587
Fund balances, end of year	<u>\$ 1,316,452</u>	<u>\$ 439,647</u>	<u>\$ 468,735</u>	<u>\$ 716</u>	<u>\$ 930,240</u>	<u>\$ 3,155,790</u>

See accompanying notes to financial statements.

CITY OF GRAND LEDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (2,587,797)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 3,479,013	
Depreciation expense	(755,973)	
Disposals	<u>(16,602)</u>	
Excess of capital outlay over depreciation expense		2,706,438

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the Internal Service Funds is allocated to the governmental activities and business-type activities in the Government-wide Statement of Activities.

Change in net position of governmental activities accounted for in the Internal Service Funds		274,354
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in unavailable revenue	9,107	
Increase in net other post-employment benefits asset	<u>319,783</u>	
		328,890

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Payments on long-term debt	740,044	
Increase in capitalized bond premiums/discounts	<u>(18,690)</u>	
		721,354

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

Decrease in accrued interest payable	2,563	
(Increase) in compensated absences	(23,639)	
Decrease in net pension liability	48,005	
Increase in deferred outflows of resources related to pensions	5,295	
(Increase) in deferred inflows of resources related to pensions	(41,846)	
Increase in deferred outflows of resources related to OPEB	154,040	
(Increase) in deferred inflows of resources related to OPEB	<u>(6,407)</u>	
		<u>138,011</u>

Change in Net Position of Governmental Activities **\$ 1,581,250**

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,062,658	\$ 343,379
Accounts receivable	903,664	7,313
Special assessments receivable	53,198	-
Due from other funds	1,648,797	-
Prepays	-	42,027
Total current assets	6,668,317	392,719
Noncurrent assets		
Capital assets not being depreciated	587,294	13,602
Capital assets, net of accumulated depreciation	19,853,947	1,134,745
Net other post-employment benefits asset	65,103	-
Total noncurrent assets	20,506,344	1,148,347
TOTAL ASSETS	27,174,661	1,541,066
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	66,792	-
Deferred outflows of resources related to other post-employment benefits	24,263	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	91,055	-
LIABILITIES		
Current liabilities		
Accounts payable	107,358	8,642
Accrued liabilities	54,223	11,033
Accrued interest payable	42,148	4,391
Current portion of compensated absences	72,301	641
Current portion of long-term debt	916,687	39,576
Total current liabilities	1,192,717	64,283
Noncurrent liabilities		
Noncurrent portion of long-term debt	6,624,954	763,247
TOTAL LIABILITIES	7,817,671	827,530
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to other post-employment benefits	11,951	-
NET POSITION		
Net investment in capital assets	12,966,392	1,056,703
Restricted for other post-employment benefits	77,415	-
Unrestricted	6,392,287	(343,167)
TOTAL NET POSITION	\$ 19,436,094	\$ 713,536

See accompanying notes to financial statements.

CITY OF GRAND LEDGE
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION TO THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS STATEMENT OF NET POSITION
JUNE 30, 2021

Total Net Position - Enterprise Fund \$ 19,436,094

Amounts reported for the business-type activities in the statement of net position are different because:

Internal Service Funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the Internal Service Funds are allocated to the governmental and the business-type activities in the Government-wide Statement of Net Position.

Net position of business-type activities accounted for in
the Internal Service Funds

23,377

Net Position of Business-type Activities

\$ 19,459,471

**CITY OF GRAND LEDGE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2021**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service</u>
OPERATING REVENUES		
Water operations	\$ 2,197,774	\$ -
Sewer operations	2,371,257	-
Internal operations	-	1,507,320
Interest and penalty charges	50,049	-
Rent	35,860	-
Other	16,528	-
	<u>4,671,468</u>	<u>1,507,320</u>
 OPERATING EXPENSES		
Personnel	1,008,893	1,160,839
Repair and maintenance	991,473	75,362
Utilities	259,029	8,286
Other	332,178	39,194
Depreciation	622,024	64,081
	<u>3,213,597</u>	<u>1,347,762</u>
 TOTAL OPERATING EXPENSES	<u>3,213,597</u>	<u>1,347,762</u>
 OPERATING INCOME	<u>1,457,871</u>	<u>159,558</u>
 NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	-	29,830
Investment earned	6,783	146
Gain on disposal of capital assets	-	-
Amortization, net	22,418	-
Bond issuance costs	-	5,780
Interest expense and fees	(99,984)	(27,637)
	<u>(70,783)</u>	<u>8,119</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(70,783)</u>	<u>8,119</u>
 CHANGE IN NET POSITION	<u>1,387,088</u>	<u>167,677</u>
 OTHER FINANCING SOURCES (USES)		
Transfers in	-	140,730
Transfers out	(295,764)	(27,900)
	<u>(295,764)</u>	<u>112,830</u>
 TOTAL OTHER FINANCING SOURCES (USES)	<u>(295,764)</u>	<u>112,830</u>
 NET CHANGE IN NET POSITION	1,091,324	280,507
 Net position, beginning of year	<u>18,344,770</u>	<u>433,029</u>
 Net position, end of year	<u>\$ 19,436,094</u>	<u>\$ 713,536</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
 PROPRIETARY FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION OF THE PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021**

Net Change in Net Position - Enterprise Fund \$ 1,091,324

Amounts reported for business-type activities in the statement of activities are different because:

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is allocated to governmental and business-type activities in the Government-wide Statement of Activities.

Change in net position of business-type activities accounted for in the Internal Service Funds	<u>6,153</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,097,477</u></u>
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**CITY OF GRAND LEDGE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 5,964,328	\$ 1,501,020
Cash paid to suppliers/claimants	(2,418,811)	(1,238,423)
Cash paid to employees	<u>(576,300)</u>	<u>(59,295)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,969,217</u>	<u>203,302</u>
CASH FLOWS FROM NONCAPITAL AND FINANCING ACTIVITIES		
(Payment)/receipt of interfund balances	<u>(295,764)</u>	<u>112,830</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Intergovernmental	-	29,830
Payments on borrowing	(849,195)	(37,830)
Purchase of capital assets	(1,426,320)	(91,644)
Interest expense and fees	<u>(104,757)</u>	<u>(27,895)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,380,272)</u>	<u>(127,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>6,783</u>	<u>146</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	299,964	188,739
Cash and cash equivalents, beginning of year	<u>3,762,694</u>	<u>154,640</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,062,658</u></u>	<u><u>\$ 343,379</u></u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	Business-type Activities Water and Sewer	Governmental Activities Internal Service
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,457,871	\$ 159,558
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	622,024	64,081
(Increase) decrease in:		
Accounts receivable	(116,641)	(6,300)
Special assessments receivable	2,580	-
Due from other funds	1,406,921	-
Prepays	-	(11,268)
Net OPEB asset	25,397	-
Deferred outflows of resources related to net OPEB asset	49,799	-
Increase (decrease) in:		
Accounts payable	(475,547)	(12,798)
Accrued liabilities	3,041	9,388
Compensated absences	20,034	641
Deferred inflows of resources related to net OPEB asset	(26,262)	-
	\$ 2,969,217	\$ 203,302

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash	\$ -	\$ 680
Investments	941,727	-
TOTAL ASSETS	941,727	680
LIABILITIES		
Due to individuals and agencies	-	557
Due to other governmental units	-	123
TOTAL LIABILITIES	-	680
NET POSITION		
Restricted		
Other post-employment benefits (health insurance)	\$ 941,727	\$ -

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 138,311	\$ -
Property tax collection for other governmental units	-	9,362,018
Investment earnings	205,193	-
 TOTAL ADDITIONS	 343,504	 9,362,018
 DEDUCTIONS		
Benefit payments	63,311	-
Administrative expenses	1,515	-
Property tax distributions to other governmental units	-	9,362,018
 TOTAL DEDUCTIONS	 64,826	 9,362,018
 NET CHANGE IN FIDUCIARY NET POSITION	 278,678	 -
 NET POSITION		
Beginning of year	663,049	-
End of year	\$ 941,727	\$ -

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

	Downtown Development Authority	Local Development Finance Authority	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	\$ 654,550	\$ 16,540	\$ 671,090
Due from other governmental units	-	75,000	75,000
Total current assets	<u>654,550</u>	<u>91,540</u>	<u>746,090</u>
Noncurrent assets			
Capital assets not being depreciated	480,331	2,403,772	2,884,103
Capital assets, net of accumulated depreciation	<u>1,611,295</u>	<u>-</u>	<u>1,611,295</u>
Total noncurrent assets	<u>2,091,626</u>	<u>2,403,772</u>	<u>4,495,398</u>
TOTAL ASSETS	<u>2,746,176</u>	<u>2,495,312</u>	<u>5,241,488</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	<u>-</u>	<u>1,601</u>	<u>1,601</u>
LIABILITIES			
Current liabilities			
Accounts payable	57,052	15,387	72,439
Accrued liabilities	7,249	111	7,360
Accrued interest payable	4,281	250	4,531
Current portion of long-term debt	<u>152,943</u>	<u>35,902</u>	<u>188,845</u>
Total current liabilities	221,525	51,650	273,175
Noncurrent liabilities			
Noncurrent portion of long-term debt	<u>504,000</u>	<u>40,902</u>	<u>544,902</u>
TOTAL LIABILITIES	<u>725,525</u>	<u>92,552</u>	<u>818,077</u>
NET POSITION			
Net investment in capital assets	1,434,683	2,328,569	3,763,252
Restricted	<u>585,968</u>	<u>75,792</u>	<u>661,760</u>
TOTAL NET POSITION	<u>\$ 2,020,651</u>	<u>\$ 2,404,361</u>	<u>\$ 4,425,012</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Local Development Finance Authority	Total Component Units
Governmental activities						
Downtown Development Authority	\$ 793,057	\$ -	\$ 79,101	\$ (713,956)	\$ -	\$ (713,956)
Local Development Finance Authority	203,623	-	75,000	-	(128,623)	(128,623)
Total component units	<u>\$ 996,680</u>	<u>\$ -</u>	<u>\$ 154,101</u>	<u>(713,956)</u>	<u>(128,623)</u>	<u>(842,579)</u>
General revenues						
Property taxes				924,363	44,877	969,240
Investment earnings				855	188	1,043
Other				-	19,986	19,986
Total general revenues				<u>925,218</u>	<u>65,051</u>	<u>990,269</u>
Change in net position				211,262	(63,572)	147,690
Net position, beginning of year				<u>1,809,389</u>	<u>2,467,933</u>	<u>4,277,322</u>
Net position, end of year				<u>\$ 2,020,651</u>	<u>\$ 2,404,361</u>	<u>\$ 4,425,012</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grand Ledge (the City) is located in Eaton County, Michigan and has a population of approximately 7,800. The City is a municipal corporation governed by a City Manager/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City (primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units are included in the City's financial statements and are not audited separately.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading or incomplete. The financial statements contain the following discretely presented component units:

Downtown Development Authority - The City of Grand Ledge Downtown Development Authority (DDA) was established under Public Act 197 of 1975 to revitalize and plan for controlled development of the downtown business district. The City's Council appoints the members of the DDA's governing board. The DDA is also fiscally dependent upon the City because the City Council approves the DDA's budget and any debt issuances.

Local Development Finance Authority - The City of Grand Ledge Local Development Finance Authority (LDFA) was established under Public Act 281 of 1986 to preserve and promote the continued growth of the City and the LDFA district. The City's Council appoints the members of the LDFA's governing board. The LDFA is also fiscally dependent upon the City because the City's Council approves the LDFA's budget and any debt issuances.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. 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.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. 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. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Major Streets Fund is a Special Revenue Fund used to account for restricted financial resources (primarily Act 51 revenues) that are used for repairs and maintenance of the City's major streets.
- c. The Municipal Streets Fund is a Special Revenue Fund used to account for the restricted financial resources (primarily property taxes) that are used for street and sidewalk related repairs, maintenance, and construction.
- d. The Bond Capital Improvement Fund is a Capital Projects Fund used to account for financial resources restricted for the acquisition and/or construction of major capital assets.

The City reports the following major enterprise fund:

- a. The Water and Sewer Fund is used to account for utility operations, both water and sewer services to the general public, that are financed primarily by user charges.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

Additionally, the City reports the following fund types:

- a. Internal service funds account for the management of equipment operating and employee benefits provided to various departments of the City on cost reimbursement basis.
- b. Component unit fiduciary funds are used to account for the assets held in a trustee capacity. The Other Post-Employment Benefits Trust Fund accounts for the assets held by the Municipal Employees' Retirement System (MERS) to fund future medical insurance for eligible retirees and their beneficiaries.
- c. Custodial funds account for assets held by the City as a custodian for other governments, private organizations, or individuals. The City's custodial funds are the Miscellaneous Tax Fund and Current Tax Collection Fund.

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

All proprietary (i.e., enterprise and internal service) funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/when both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to the first regular Council meeting in April, the budget officer submits to the Council a proposed budget for the fiscal year beginning the following July 1.
- b. A public hearing is then conducted to obtain citizen comments.
- c. No later than the first Council meeting in June, the budget is required to be legally enacted through passage of a resolution.
- d. The budget is legally adopted at the department level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments

Cash consists of checking and savings accounts and cash equivalents consists of uncategorized pooled investments held by Michigan CLASS.

Investments are stated at fair value in accordance with applicable GASB Statements.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations 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 State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.
- g. Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consist of amounts due related to charges for services, interest receivable, special assessments, and other amounts owed to the City at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and receivables for charges for services provided to local governmental units.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepays

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance, which indicates they do not constitute “available spendable resources” even though they are a component of fund balance.

Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements and proprietary fund types. Capital assets are those with an initial individual cost of \$10,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	10 - 50 years
Buildings and improvements	10 - 50 years
Equipment	5 - 25 years
Infrastructure	25 - 50 years

Net Other Post-Employment Benefits Asset

The net other post-employment benefit asset is deemed to be a noncurrent asset and is recognized in the Government-Wide and Water and Sewer Fund financial statements.

Accrued Interest Payable

Accrued interest payable is presented for long-term obligations in the applicable financial statements.

Compensated Absences

It is the government’s policy to permit eligible employees to accumulate earned but unused vacation and sick pay benefits. Employees are allowed to accumulate an unlimited amount of sick leave, which is paid only upon illness while in the employ of the City or upon retirement. Payment for sick leave upon termination of employment is capped at 60 hours. Employees are also allowed to cash in up to 60 hours of annually accrued sick time not used during a calendar year. Earned vacation time may be accumulated for up to twice the annual allotment. Employees are only paid for unused vacation at the time of termination. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements.

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

All employees with accumulated compensated absences at June 30, 2021, that had amounts due to them, along with the related payroll taxes, are recorded in the Government-Wide, Water and Sewer Fund, and internal service fund financial statements, where applicable.

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position, the governmental funds, or proprietary funds balance sheet/statement of net position.

The City reports deferred outflows of resources for the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources and deferred inflows of resources which correspond to the City's net pension liability and net OPEB asset and are related to differences between expected and actual experience, changes in assumptions, and differences between projected and actual plan investment earnings. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

The City also reports deferred inflows of resources which arise only under a modified accrual basis of accounting and qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from revenues collected subsequent to 60 days after year end and from long-term property tax receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax

The City bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied on August 1 and December 1 and are payable without penalty through October 1 and February 14, respectively. The August 1 levy is composed of the City's millage, special assessments, and school taxes. The December 1 levy is composed of county and school taxes. All real property taxes not paid to the City by March 1 are turned over to the Eaton County Treasurer for collection. The County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 15 mills (\$15 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenses and 1 mill (\$1 per \$1,000 of taxable valuation) for parks and recreation. For the year ended June 30, 2021, the City levied 10.4474 mills per \$1,000 of assessed valuation for general governmental services and 0.8032 mills for recreation. The total ad valorem taxable value for the 2020 levy for property within the City was \$236,555,774.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Balances for transfers that have not yet cleared as of the balance sheet date are considered interfund receivables and payables.

The Internal Service Funds (Equipment Operating and Employee Benefit Funds) record charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

Restricted Net Position

Restrictions of net position shown in the government-wide financial statements indicate restrictions that have been imposed by outside sources which preclude a portion of net position from their use for unrestricted purposes.

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For assigned fund balances, the City Council is authorized to assign amounts to a specific purpose. Currently, assigned fund balance is determined through the budget and any residual amounts of fund balance in governmental funds other than the General Fund.

The City has adopted an unassigned fund balance policy with the desire to maintain an unassigned fund balance level of 25% of annual budgeted General Fund expenditures less non-recurring capital expenditures.

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purpose for which amounts in any of those unrestricted fund balance classifications could be used.

Tax Abatements

The City's tax revenue has been reduced by tax abatements throughout the City. Management has determined these amounts to be immaterial to the financial statements.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2021, the City had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2021, \$3,246,692 of the City's bank balance of \$3,746,692 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$3,487,877 is reported on the financial statements as of June 30, 2021. The financial statements report \$550 of petty cash on hand.

Custodial Credit Risk - Investments

For an investment, this 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.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and investing through pre-approved third-party custodians.

Interest Rate Risk

In accordance with its investment policy, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing the investment portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
PRIMARY GOVERNMENT		
Michigan CLASS Investment Pool	<u>\$ 6,742,023</u>	0.1507

One day maturity equals 0.0027; one year equals 1.00

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>
PRIMARY GOVERNMENT		
Michigan CLASS Investment Pool	<u>\$ 6,742,023</u>	AAAm

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

Investments in Entities that Calculate Net Asset Value Per Share

The City holds shares or interests in the Michigan CLASS investment pool which invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share (continued)

The City also holds shares or interests in MERS where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 6,742,023	\$ -	No restrictions	None
FIDUCIARY FUNDS				
MERS total market portfolio	<u>941,727</u>	<u>-</u>	No restrictions	None
Total investments at NAV	<u>\$ 7,683,750</u>	<u>\$ -</u>		

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2021:

	Primary Government	Fiduciary Funds	Component Units	Reporting Entity
Cash and cash equivalents	\$ 9,558,680	\$ 680	\$ 671,090	\$ 10,230,450
Investments	<u>-</u>	<u>941,727</u>	<u>-</u>	<u>941,727</u>
	<u>\$ 9,558,680</u>	<u>\$ 942,407</u>	<u>\$ 671,090</u>	<u>\$ 11,172,177</u>

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2021, are as follows:

Due to Water and Sewer Fund from: Bond Capital Improvement Fund	<u>\$ 1,648,797</u>
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Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to Bond Capital Improvements Fund from:	
Water and Sewer Fund	<u><u>\$ 143,000</u></u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 15,600
Major Streets Fund	260,704
Municipal Streets Fund	504,253
Water and Sewer Fund	127,764
Internal Service funds	27,900
Nonmajor governmental funds	<u>31,200</u>
	<u><u>\$ 967,421</u></u>
Transfers to internal service funds from:	
General Fund	\$ 115,730
Water and Sewer Fund	<u>25,000</u>
	<u><u>\$ 140,730</u></u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Primary Government

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,093,271	\$ 157,664	\$ (16,602)	\$ 2,234,333
Capital assets being depreciated				
Land improvements	4,300,636	-	-	4,300,636
Buildings and improvements	5,311,064	408,672	-	5,719,736
Equipment	2,127,461	389,967	(46,680)	2,470,748
Infrastructure	19,028,112	3,043,066	-	22,071,178
Total depreciable assets	<u>30,767,273</u>	<u>3,841,705</u>	<u>(46,680)</u>	<u>34,562,298</u>
Less accumulated depreciation for:				
Land improvements	(1,199,308)	(147,177)	-	(1,346,485)
Buildings and improvements	(1,819,249)	(121,305)	-	(1,940,554)
Equipment	(1,230,418)	(108,208)	46,680	(1,291,946)
Infrastructure	(4,953,191)	(443,364)	-	(5,396,555)
Total accumulated depreciation	<u>(9,202,166)</u>	<u>(820,054)</u>	<u>46,680</u>	<u>(9,975,540)</u>
Net depreciable assets	<u>21,565,107</u>	<u>3,021,651</u>	<u>-</u>	<u>24,586,758</u>
Capital assets, net	<u>\$ 23,658,378</u>	<u>\$ 3,179,315</u>	<u>\$ (16,602)</u>	<u>\$ 26,821,091</u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government (continued)

Depreciation expense was charged to the following governmental activities:

General government	\$ 211,274
Public safety	29,414
Public works	498,270
Recreation and culture	<u>81,096</u>
Total depreciation expense	<u><u>\$ 820,054</u></u>

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Business-type activities				
Capital assets not being depreciated				
Land	\$ 587,294	\$ -	\$ -	\$ 587,294
Capital assets being depreciated				
Land Improvements	117,453	-	-	117,453
Buildings and improvements	31,322,356	1,426,320	-	32,748,676
Equipment	<u>893,550</u>	<u>-</u>	<u>-</u>	<u>893,550</u>
Total depreciable assets	<u>32,333,359</u>	<u>1,426,320</u>	<u>-</u>	<u>33,759,679</u>
Less accumulated depreciation for:				
Land improvements	(69,823)	(4,698)	-	(74,521)
Buildings and improvements	(12,717,622)	(573,868)	-	(13,291,490)
Equipment	<u>(496,263)</u>	<u>(43,458)</u>	<u>-</u>	<u>(539,721)</u>
Total accumulated depreciation	<u>(13,283,708)</u>	<u>(622,024)</u>	<u>-</u>	<u>(13,905,732)</u>
Net capital assets being depreciated	<u>19,049,651</u>	<u>804,296</u>	<u>-</u>	<u>19,853,947</u>
Capital assets, net	<u><u>\$ 19,636,945</u></u>	<u><u>\$ 804,296</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,441,241</u></u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (continued)

Component Units

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Downtown Development Authority				
Capital assets not being depreciated				
Land	\$ 480,331	\$ -	\$ -	\$ 480,331
Capital assets being depreciated				
Land improvements	3,478,889	-	-	3,478,889
Buildings and improvements	27,878	-	-	27,878
Equipment	47,152	-	-	47,152
Total depreciable assets	3,553,919	-	-	3,553,919
Less accumulated depreciation for:				
Land improvements	(1,772,164)	(139,156)	-	(1,911,320)
Buildings and improvements	(15,333)	(1,394)	-	(16,727)
Equipment	(11,158)	(3,419)	-	(14,577)
Total accumulated depreciation	(1,798,655)	(143,969)	-	(1,942,624)
Net capital assets being depreciated	1,755,264	(143,969)	-	1,611,295
Capital assets, net	<u>\$ 2,235,595</u>	<u>\$ (143,969)</u>	<u>\$ -</u>	<u>\$ 2,091,626</u>
Local Development Finance Authority				
Land	<u>\$ 2,422,571</u>	<u>\$ -</u>	<u>\$ (18,799)</u>	<u>\$ 2,403,772</u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2021.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds					
2013 Capital Improvement Bonds	\$ 1,755,000	\$ -	\$ (100,000)	\$ 1,655,000	\$ 105,000
2016 Capital Improvement Refunding Bonds	60,000	-	(30,000)	30,000	30,000
2016 Capital Improvement Bonds	2,880,000	-	(415,000)	2,465,000	205,000
2019 Capital Improvement Bonds	3,144,864	-	(155,805)	2,989,059	162,996
Bond discounts	(19,928)	-	1,425	(18,503)	(1,423)
Bond premiums	389,644	-	(65,584)	324,060	28,065
Compensated absences	200,041	240,806	(216,526)	224,321	224,321
Total governmental activities	<u>8,409,621</u>	<u>240,806</u>	<u>(981,490)</u>	<u>7,668,937</u>	<u>753,959</u>
Business-type activities					
General obligation bonds					
Contractual obligation with Eaton County	2,625,000	-	(505,000)	2,120,000	515,000
Revenue Bonds	1,924,062	-	(175,000)	1,749,062	180,000
2019 Capital Improvement Bonds	3,415,136	-	(169,195)	3,245,941	177,004
Bond premiums	471,321	-	(44,683)	426,638	44,683
Compensated absences	52,267	101,118	(81,084)	72,301	72,301
Total business-type activities	<u>8,487,786</u>	<u>101,118</u>	<u>(974,962)</u>	<u>7,613,942</u>	<u>988,988</u>
Total Primary Government	<u>16,897,407</u>	<u>341,924</u>	<u>(1,956,452)</u>	<u>15,282,879</u>	<u>1,742,947</u>
Component Units					
Downtown Development Authority					
General obligation bonds					
2010 General Obligation Bonds	815,000	-	(150,000)	665,000	155,000
2011 General Obligation Refunding Bonds	85,000	-	(85,000)	-	-
Bond discounts	(10,114)	-	2,057	(8,057)	(2,057)
Total Downtown Development Authority	<u>889,886</u>	<u>-</u>	<u>(232,943)</u>	<u>656,943</u>	<u>152,943</u>
Local Development Finance Authority					
General obligation bonds					
2016 Capital Improvement Refunding Bonds	110,000	-	(35,000)	75,000	40,000
Bond premiums	2,706	-	(902)	1,804	902
Total Local Development Finance Authority	<u>112,706</u>	<u>-</u>	<u>(35,902)</u>	<u>76,804</u>	<u>40,902</u>
Total Component Units	<u>1,002,592</u>	<u>-</u>	<u>(268,845)</u>	<u>733,747</u>	<u>193,845</u>
Total Reporting Entity	<u>\$ 17,899,999</u>	<u>\$ 341,924</u>	<u>\$ (2,225,297)</u>	<u>\$ 16,016,626</u>	<u>\$ 1,936,792</u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Significant details regarding outstanding long-term debt (including current portion) are presented below:

Primary Government

Governmental Activities

General Obligation Bonds

\$2,280,000 2013 Capital Improvement Bonds dated May 1, 2013, due in annual installments ranging from \$105,000 to \$155,000 through May 1, 2034, with interest ranging from 1.850% to 3.250%, payable semi-annually.	\$ 1,655,000
\$5,000,000 2016 Capital Improvement Refunding Bonds dated July 7, 2016, due in annual installments of \$30,000 through May 1, 2032, with interest of 2.000%, payable semi-annually.	30,000
\$5,000,000 2016 Capital Improvement Bonds dated July 7, 2016, due in annual installments ranging from \$205,000 to \$415,000 through May 1, 2032, with interest ranging from 2.000% to 2.350%, payable semi-annually.	2,465,000
\$3,144,864 2019 Capital Improvement Bonds dated December 19, 2019, due in annual installments ranging from \$162,996 to \$268,464 through November 1, 2034, with interest ranging from 3.000% to 4.000%, payable semi-annually.	2,989,059
Minus bond discount on 2013 Capital Improvement Bonds.	(18,503)
Plus bond premium on 2016 Capital Improvement and Refunding Bonds.	31,884
Plus bond premium on 2019 Capital Improvement Bonds.	<u>292,176</u>
Total general obligation bonds	<u><u>\$ 7,444,616</u></u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

Business-type Activities

General Obligation Bonds

\$4,960,000 2014 Water Supply and Sewage Disposal System Refunding Bonds dated April 9, 2014, due in annual installments ranging from \$515,000 to \$545,000 through April 1, 2025, with interest ranging from 2.000% to 2.375%, payable semi-annually.	\$ 2,120,000
\$5,785,000 2009 Water Supply and Sewage Disposal System Revenue (Drinking Water Revolving Fund) Bonds dated September 28, 2009, due in annual installments ranging from \$180,000 to \$214,062 through April 1, 2030, with interest of 2.500%, payable semi-annually.	1,749,062
\$3,415,136 2019 Capital Improvement Bonds dated December 19, 2019, due in annual installments ranging from \$177,838 to \$291,536 through November 1, 2034, with interest ranging from 3.000% to 4.000%, payable semi-annually.	3,245,941
Plus bond premium on 2014 Water Supply and Sewage Disposal System Refunding Bonds.	81,947
Plus bond premium on 2019 Capital Improvement Bonds.	<u>344,691</u>
Total general obligation bonds	<u><u>\$ 7,541,641</u></u>

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick pay. The dollar amounts of these vested rights including related payroll taxes, which have been accrued on the government-wide financial statements. The total liability amounted to approximately \$296,622 at June 30, 2021. Of this amount, \$224,321 and \$72,301 are shown as accrued liabilities within the government-wide financial statements' governmental and business-type activities, respectively, in accordance with criteria disclosed in Note 1.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Component Units

Downtown Development Authority

General Obligation Bonds

\$2,000,000 2010 Downtown Development Bonds dated August 17, 2010, due in annual installments ranging from \$155,000 to \$175,000 through May 1, 2025, with interest ranging from 3.625% to 4.000%, payable semi-annually. \$ 665,000

Minus bond discount on 2010 Downtown Development Bonds. (8,057)

Total general obligation bonds \$ 656,943

Local Development Finance Authority

General Obligation Bonds

\$225,000 2016 Capital Improvement Refunding Bonds dated July 7, 2016, due in annual installments ranging from \$35,000 to \$40,000 through May 1, 2023, with interest of 2.000%, payable semi-annually. \$ 75,000

Plus bond premium on 2016 Capital Improvement Refunding Bonds. 1,804

Total general obligation bonds \$ 76,804

The annual requirements to pay the debt principal and interest outstanding are as follows:

Primary Government

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 502,996	\$ 208,898	\$ 872,004	\$ 207,870
2023	485,187	195,591	894,813	185,833
2024	502,378	181,815	917,622	162,637
2025	514,569	167,527	935,431	137,988
2026	531,760	152,825	398,240	112,120
2027-2031	3,006,047	514,255	1,988,015	352,485
2032-2035	1,596,122	96,286	1,108,878	69,253
	<u>\$ 7,139,059</u>	<u>\$ 1,517,197</u>	<u>\$ 7,115,003</u>	<u>\$ 1,228,186</u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Component Units

Year Ending June 30,	Downtown Development Authority		Local Development Finance Authority	
	Principal	Interest	Principal	Interest
2022	\$ 155,000	\$ 25,688	\$ 40,000	\$ 1,500
2023	165,000	20,070	35,000	700
2024	170,000	13,800	-	-
2025	175,000	7,000	-	-
	<u>\$ 665,000</u>	<u>\$ 66,558</u>	<u>\$ 75,000</u>	<u>\$ 2,200</u>

NOTE 7 - RETIREMENT PLANS

DEFINED BENEFIT PLAN

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

Benefits provided include plans with multipliers ranging from 1.50% to 2.50%.

Vesting period of 10 years.

Normal retirement age is 60. Unreduced early retirement is available at 55 with 25 years of service. Reduced early retirement is available at 50 with 25 years of service or 55 with 15 years of services.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

Benefits Provided (continued)

Final average compensation is calculated based on 5 years. Member contributions range from 0.00% to 9.24%.

At the December 31, 2020, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>13</u>
	<u><u>26</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Total employer contributions for the year ended December 31, 2020, were \$193,968.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.35%, net of investment expenses, including inflation.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables: 1. the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2. the RP-2014 Employee Mortality Tables, and 3. the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the valuation were based on the results of the 2014-2018 Five-Year Experience Study.

The long-term expected rate of return on pension 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>Long-term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
Global equity	60.00%	5.25%	3.15%
Global fixed income	20.00%	1.25%	0.25%
Private investments	<u>20.00%</u>	7.25%	1.45%
	<u>100.00%</u>		
Inflation			<u>2.50%</u>
Assumed investment rate of return			7.35%
Administrative expense netted above			<u>0.25%</u>
Investment rate of return			<u>7.60%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. 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.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

Changes in Net Pension Liability

	Calculating the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2019	\$ 3,620,027	\$ 2,259,695	\$ 1,360,332
Changes for the year			
Service cost	46,524	-	46,524
Interest on total pension liability	266,620	-	266,620
Changes in benefits	-	-	-
Difference between expected and actual experience	7,920	-	7,920
Changes in assumptions	118,817	-	118,817
Employer contributions	-	193,968	(193,968)
Employee contributions	-	12,146	(12,146)
Net investment income	-	286,297	(286,297)
Benefit payments, including employee refunds	(270,258)	(270,258)	-
Administrative expense	-	(4,525)	4,525
Other changes	-	-	-
Net changes	169,623	217,628	(48,005)
Balances as of December 31, 2020	\$ 3,789,650	\$ 2,477,323	\$ 1,312,327

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 rates of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 1,754,728	\$ 1,312,327	\$ 957,437

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

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

For the year ended June 30, 2021, the employer recognized pension expenses of \$178,016. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,568	\$ 113,881
Changes in assumptions	179,687	-
Net difference between projected and actual earnings on pension plan investments	-	79,809
Total	\$ 361,255	\$ 193,690

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

Fiscal Year Ending June 30,	Pension Expense
2022	\$ 28,302
2023	48,274
2024	(6,215)
2025	49,677
2026	15,842
2027	15,842
2028	15,843

The City of Grand Ledge Group Pension Plan is a defined contribution pension plan established by the City and administered by an insurance company to provide retirement benefits to all participating full-time employees of the City. Plan provisions and contribution requirements are established and may be amended by the City Council. Employees may contribute up to 15% of their gross earnings to the plan. The City is required to contribute 5% of employee gross earnings and to match 100% of the first 5% and 50% of the next 10% of employee contributions. The City's maximum contribution does not exceed 15% for employees hired before July 1, 2012 and 10% for employees hired after June 30, 2012. Employee contributions vest immediately, whereas employer contributions vest at a rate of 20% per year.

Employer contributions to the plan for the year ended June 30, 2021, were \$167,817, of which \$159,569 and \$8,248 were 401A and 457 plan contributions, respectively.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Grand Ledge Retiree Healthcare Plan (the “Plan”) is a single employer defined benefit healthcare plan administered by the City of Grand Ledge using MERS’ retiree health funding vehicle (RHFV). The Plan provides certain healthcare benefits, in accordance with union agreements and/or personnel policies to employees who have retired. Benefit provisions are established, and the plan is managed at the direction of City Council. The Plan was closed to all employees hired after July 1, 2018. The Plan does not issue a separate stand-alone financial statement.

Benefits Provided

In accordance with City policy, eligible retirees and certain beneficiaries receive healthcare benefits at 50 percent coverage of premiums. Benefits continue until the age of 65. The City has no obligations to make contributions in advance of when the premiums are due for payments (i.e., may be financed on a “pay-as-you-go” basis). The current contributions being made are to fund the trust for future obligations. The City is currently paying premiums of retirees from current, available financial resources. The City has the ability to amend the benefits offered in accordance with City policy and union agreements, when applicable.

Summary of Plan Participants

At the June 30, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>22</u>
	<u><u>26</u></u>

Contributions

For the year ended June 30, 2021, the City contributed \$75,000 in addition to its portion of premium payments.

Net OPEB Liability (Asset)

The net OPEB liability (asset) of the City was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined through a valuation using the alternative measurement method as of that date.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions applied to all periods included in the measurement:

Discount rate	7.60%
Long-term expected rate of return	7.35%
Salary growth rate	2.50%
Healthcare cost trend rate	4.50%-8.00%
AA 20-year municipal bond rate	1.35%
Probability of accepting benefits	66.67%
Mortality	RP-2014 Healthy Annuitant Table for males and females

The assumptions used in the June 30, 2021 valuation were determined by the City's management as of June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and 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>Long-Term Expected Real Rate of Return</u>
Equity	60.00%	7.75%
Fixed Income	20.00%	3.75%
Money Market	20.00%	9.75%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that City will not contribute to the Plan. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Change in Net OPEB Liability (Asset)

The change in the net OPEB liability (asset) for the year ended June 30, 2021, is as follows:

Calculating the Net OPEB Liability (Asset)			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at June 30, 2020	\$ 361,384	\$ 663,049	\$ (301,665)
Changes for the year			
Service cost	17,645	-	17,645
Interest on total OPEB liability	23,668	-	23,668
Difference between expected and actual experience	(20,997)	-	(20,997)
Changes in assumptions	27,287	-	27,287
Employer contributions	-	75,000	(75,000)
Employer benefit payments			
from general operating	-	63,311	(63,311)
Net investment income	-	205,193	(205,193)
Benefit payments	(63,311)	(63,311)	-
Administrative expense	-	(1,515)	1,515
Net changes	(15,708)	278,678	(294,386)
Balances as of June 30, 2021	\$ 345,676	\$ 941,727	\$ (596,051)

Sensitivity of the net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.94%) or 1-percentage-point higher (7.94%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB asset	\$ (629,022)	\$ (596,051)	\$ (567,438)

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB asset of the City, as well as what the City's net OPEB asset would be if it were calculated using healthcare cost trends rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB asset	\$ (566,925)	\$ (596,051)	\$ (629,063)

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$32,001. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 103,506	\$ -
Changes in assumptions	-	107,521
Differences between expected and actual experience	247,608	-
Total	\$ 351,114	\$ 107,521

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

Year Ending June 30,	OPEB Expense
2022	\$ 38,280
2023	39,846
2024	42,084
2025	47,192
2026	15,974
2027 and thereafter	60,217

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - RISK MANAGEMENT

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

The City also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property, liability, crime, data breach, and auto losses. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage (per occurrence) are detailed in their policy agreements with the Authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

NOTE 10 - CODE ENFORCEMENT FINANCIAL INFORMATION

The City has elected to report the financial activities of the building department in the General Fund. The following is the required information as it relates to this department for the year ended June 30, 2021:

Surplus at July 1, 2020	\$ 34,913
REVENUES	
Licenses and permits	
Permits	208,599
EXPENDITURES	
Building Department	<u>(198,387)</u>
Cumulative surplus at June 30, 2021	<u><u>\$ 45,125</u></u>

**CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - RESTRICTED NET POSITION

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various restrictions in net position as of June 30, 2021:

PRIMARY GOVERNMENT	
Governmental activities	
Highways and streets	\$ 1,410,906
City parks	46,746
Police/drug enforcement	7,984
Airport development	115,916
Debt service	14,740
Other post-employment benefits	<u>530,948</u>
Total governmental activities	2,127,240
Business-type activities	
Other post-employment benefits	<u>65,103</u>
Total Primary Government	<u><u>\$ 2,192,343</u></u>

NOTE 12 - DETAILS OF FUND BALANCE CLASSIFICATIONS

Fund balance classifications shown in the governmental fund financial statements indicate constraints imposed on the fund balance, if any. The following are the various constraints on fund balance as of June 30, 2021.

	General Fund	Major Streets	Municipal Streets	Bond Capital Improvements	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Restricted						
Highways and streets	-	439,647	468,735	-	502,524	1,410,906
City parks	-	-	-	-	46,746	46,746
Police/drug enforcement	-	-	-	-	7,984	7,984
Airport development	-	-	-	-	115,916	115,916
Debt service	-	-	-	-	49,056	49,056
Capital projects	-	-	-	716	207,514	208,230
Unassigned	<u>1,316,452</u>	-	-	-	-	<u>1,316,452</u>
TOTAL FUND BALANCES	<u><u>\$ 1,316,452</u></u>	<u><u>\$ 439,647</u></u>	<u><u>\$ 468,735</u></u>	<u><u>\$ 716</u></u>	<u><u>\$ 930,240</u></u>	<u><u>\$ 3,155,790</u></u>

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 84, *Fiduciary Activities*, establishes specific criteria for identifying activities that should be reported as fiduciary activities. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has three funds that meet the criteria, miscellaneous tax, current tax collection fund, and other post-employment benefits trust fund.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset -an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 15 - SUBSEQUENT EVENT

The American Rescue Plan (ARP) Act was signed into law on March 11, 2021, and it guaranteed financial relief to local municipalities. The City is estimated to receive approximately \$826,463 in ARP funding as a non-entitlement unit. Funding will be released by the U.S. Department of Treasury, and subsequently by the Michigan Department of Treasury, in two tranches. The City expects to receive half of the funding before the end of 2021, and the second half of the funding will be released under the second tranche one year after the disbursement of the first tranche. The City will have until 2024 to obligate the federal funds received and until 2026 to spend the funds on allowable expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GRAND LEDGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property taxes	\$ 1,531,786	\$ 1,636,786	\$ 1,641,415	\$ 4,629
Penalties and interest	20,971	20,971	17,143	(3,828)
Administration fees	104,086	126,086	126,259	173
Total taxes	1,656,843	1,783,843	1,784,817	974
Licenses and permits	202,542	252,542	220,199	(32,343)
Intergovernmental				
Federal	-	204,458	206,191	1,733
State	764,102	784,102	896,914	112,812
Local	23,241	23,241	22,413	(828)
Total intergovernmental	787,343	1,011,801	1,125,518	113,717
Charges for services				
Refuse collection	22,000	22,000	23,825	1,825
Cable franchise fee	123,384	123,384	117,949	(5,435)
Other	131,842	163,642	145,594	(18,048)
Total charges for services	277,226	309,026	287,368	(21,658)
Fines and forfeits	19,500	19,500	11,735	(7,765)
Interest and rents	43,000	36,000	35,401	(599)
Other	-	-	50	50
TOTAL REVENUES	2,986,454	3,412,712	3,465,088	52,376
EXPENDITURES				
Current				
General government				
City council	9,769	9,769	8,056	1,713
Administrator	245,179	245,179	244,691	488
Clerk	122,760	122,760	108,231	14,529
Treasurer	250,772	250,772	245,923	4,849
Assessor	108,911	118,911	118,095	816
Election	25,085	25,085	22,411	2,674
City hall	146,983	434,839	426,558	8,281
Attorney	25,000	45,000	35,918	9,082
Recycling	37,312	37,312	29,559	7,753
Composting	57,332	71,629	47,899	23,730

**CITY OF GRAND LEDGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Other	\$ 263,547	\$ 509,547	\$ 486,571	\$ 22,976
Less: reimbursements from other funds	(574,210)	(574,210)	(574,210)	-
Total general government	<u>718,440</u>	<u>1,296,593</u>	<u>1,199,702</u>	<u>96,891</u>
Public safety				
Police administration	1,638,462	1,671,560	1,668,414	3,146
Building inspection	179,075	229,075	188,413	40,662
Total public safety	<u>1,817,537</u>	<u>1,900,635</u>	<u>1,856,827</u>	<u>43,808</u>
Public works				
Cemetery	114,512	124,512	124,175	337
Community and economic development				
Planning and zoning	54,405	54,405	51,566	2,839
Debt service				
Principal	100,000	100,000	100,000	-
Interest and fiscal charges	50,230	50,230	50,230	-
Total debt service	<u>150,230</u>	<u>150,230</u>	<u>150,230</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,855,124</u>	<u>3,526,375</u>	<u>3,382,500</u>	<u>143,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	131,330	(113,663)	82,588	196,251
OTHER FINANCING (USES)				
Transfers out	(131,330)	(131,330)	(131,330)	-
NET CHANGE IN FUND BALANCES	-	(244,993)	(48,742)	196,251
Fund balances, beginning of year	<u>1,365,194</u>	<u>1,365,194</u>	<u>1,365,194</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,365,194</u>	<u>\$ 1,120,201</u>	<u>\$ 1,316,452</u>	<u>\$ 196,251</u>

**CITY OF GRAND LEDGE
MAJOR STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 582,230	\$ 582,230	\$ 653,873	\$ 71,643
Interest	150	150	567	417
Other	3,500	3,500	8,070	4,570
TOTAL REVENUES	<u>585,880</u>	<u>585,880</u>	<u>662,510</u>	<u>76,630</u>
EXPENDITURES				
Current				
Public works	<u>788,916</u>	<u>786,067</u>	<u>732,258</u>	<u>53,809</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(203,036)	(200,187)	(69,748)	130,439
OTHER FINANCING (USES)				
Transfers out	<u>(260,704)</u>	<u>(260,704)</u>	<u>(260,704)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(463,740)	(460,891)	(330,452)	130,439
Fund balance, beginning of year	<u>770,099</u>	<u>770,099</u>	<u>770,099</u>	<u>-</u>
Fund balance, end of year	<u>\$ 306,359</u>	<u>\$ 309,208</u>	<u>\$ 439,647</u>	<u>\$ 130,439</u>

**CITY OF GRAND LEDGE
MUNICIPAL STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 754,749	\$ 754,749	\$ 802,963	\$ 48,214
Interest	1,000	1,000	440	(560)
Other	2,500	2,500	77	(2,423)
TOTAL REVENUES	<u>758,249</u>	<u>758,249</u>	<u>803,480</u>	<u>45,231</u>
EXPENDITURES				
Current				
Public works	<u>334,682</u>	<u>371,031</u>	<u>365,165</u>	<u>5,866</u>
TOTAL EXPENDITURES	<u>334,682</u>	<u>371,031</u>	<u>365,165</u>	<u>5,866</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>423,567</u>	<u>387,218</u>	<u>438,315</u>	<u>51,097</u>
OTHER FINANCING (USES)				
Transfers out	<u>(504,253)</u>	<u>(504,253)</u>	<u>(504,253)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(80,686)	(117,035)	(65,938)	51,097
Fund balance, beginning of year	<u>534,673</u>	<u>534,673</u>	<u>534,673</u>	<u>-</u>
Fund balance, end of year	<u>\$ 453,987</u>	<u>\$ 417,638</u>	<u>\$ 468,735</u>	<u>\$ 51,097</u>

CITY OF GRAND LEDGE
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST SEVEN MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 46,524	\$ 36,497	\$ 39,159	\$ 41,618	\$ 40,439	\$ 43,614	\$ 46,794
Interest on total pension liability	266,620	251,186	263,485	252,280	242,190	227,146	218,700
Difference between expected and actual experience	7,920	230,024	(227,764)	34,819	22,281	38,397	-
Changes of assumptions	118,817	113,584	-	-	-	141,091	-
Benefit payments, including employee refunds	(270,258)	(265,680)	(188,916)	(185,899)	(172,872)	(176,252)	(146,817)
Other	-	-	1	-	-	-	-
Net change in total pension liability	169,623	365,611	(114,035)	142,818	132,038	273,996	118,677
Total pension liability, beginning	3,620,027	3,254,416	3,368,451	3,225,633	3,093,595	2,819,599	2,700,922
Total pension liability, ending	<u>\$ 3,789,650</u>	<u>\$ 3,620,027</u>	<u>\$ 3,254,416</u>	<u>\$ 3,368,451</u>	<u>\$ 3,225,633</u>	<u>\$ 3,093,595</u>	<u>\$ 2,819,599</u>
Plan fiduciary net position							
Contributions-employer	\$ 193,968	\$ 197,652	\$ 183,204	\$ 181,202	\$ 183,631	\$ 75,653	\$ 69,726
Contributions-employee	12,146	12,748	20,505	21,189	26,800	34,472	36,699
Net Investment income	286,297	275,652	(86,526)	249,037	192,400	(24,979)	104,984
Benefit payments including employee refunds	(270,258)	(265,680)	(188,916)	(185,899)	(172,872)	(176,252)	(146,817)
Administrative expense	(4,525)	(4,755)	(4,137)	(3,922)	(3,776)	(3,725)	(3,854)
Net change in plan fiduciary net position	217,628	215,617	(75,870)	261,607	226,183	(94,831)	60,738
Plan fiduciary net position, beginning	2,259,695	2,044,078	2,119,948	1,858,341	1,632,158	1,726,989	1,666,251
Plan fiduciary net position, ending	<u>\$ 2,477,323</u>	<u>\$ 2,259,695</u>	<u>\$ 2,044,078</u>	<u>\$ 2,119,948</u>	<u>\$ 1,858,341</u>	<u>\$ 1,632,158</u>	<u>\$ 1,726,989</u>
City's net pension liability	<u>\$ 1,312,327</u>	<u>\$ 1,360,332</u>	<u>\$ 1,210,338</u>	<u>\$ 1,248,503</u>	<u>\$ 1,367,292</u>	<u>\$ 1,461,437</u>	<u>\$ 1,092,610</u>
Plan fiduciary net position as a percentage of the total pension liability	65%	62%	63%	63%	58%	53%	61%
Covered employee payroll	\$ 773,676	\$ 579,004	\$ 569,960	\$ 548,326	\$ 513,565	\$ 477,402	\$ 461,142
City's net pension liability as a percentage of covered employee payroll	170%	235%	212%	228%	266%	306%	237%

CITY OF GRAND LEDGE
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST SEVEN FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 128,676	\$ 197,652	\$ 174,025	\$ 174,276	\$ 90,446	\$ 75,653	\$ 69,726
Contributions in relation to the actuarially determined contribution	<u>193,968</u>	<u>197,652</u>	<u>174,025</u>	<u>174,276</u>	<u>148,898</u>	<u>75,653</u>	<u>69,726</u>
Contribution deficiency (excess)	<u>\$ (65,292)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,452)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 674,207	\$ 621,950	\$ 588,402	\$ 566,013	\$ 512,333	\$ 543,715	\$ 461,142
Contributions as a percentage of covered employee payroll	29%	32%	30%	31%	29%	14%	15%

CITY OF GRAND LEDGE
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB ASSET AND RELATED RATIOS
LAST FOUR MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 17,645	\$ 18,374	\$ 28,347	\$ 15,974
Interest on total OPEB liability	23,668	23,466	18,018	15,329
Difference between expected and actual experience	(20,997)	49,097	242,241	-
Changes of assumptions	27,287	(105,930)	-	-
Benefit payments	<u>(63,311)</u>	<u>(86,226)</u>	<u>(88,654)</u>	<u>(31,563)</u>
Net change in total pension liability	(15,708)	(101,219)	199,952	(260)
Total OPEB liability, beginning	<u>361,384</u>	<u>462,603</u>	<u>262,651</u>	<u>262,911</u>
Total OPEB liability, ending	<u>\$ 345,676</u>	<u>\$ 361,384</u>	<u>\$ 462,603</u>	<u>\$ 262,651</u>
Plan fiduciary net position				
Contributions-employer	\$ 138,311	\$ 236,226	\$ 238,654	\$ 181,563
Net Investment income	205,193	14,323	13,101	22,745
Benefit payments	(63,311)	(86,226)	(88,654)	(31,563)
Administrative expense	<u>(1,515)</u>	<u>(1,167)</u>	<u>(989)</u>	<u>(762)</u>
Net change in plan fiduciary net position	278,678	163,156	162,112	171,983
Plan fiduciary net position, beginning	<u>663,049</u>	<u>499,893</u>	<u>337,781</u>	<u>165,798</u>
Plan fiduciary net position, ending	<u>\$ 941,727</u>	<u>\$ 663,049</u>	<u>\$ 499,893</u>	<u>\$ 337,781</u>
City's net OPEB liability (asset)	<u>\$ (596,051)</u>	<u>\$ (301,665)</u>	<u>\$ (37,290)</u>	<u>\$ (75,130)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	272%	183%	108%	129%
Covered employee payroll	\$ 1,311,835	\$ 1,403,746	\$ 1,453,156	\$ 2,211,123
City's net OPEB liability (asset) as a percentage of covered employee payroll	(45%)	(21%)	(3%)	(3%)

CITY OF GRAND LEDGE
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
LAST FOUR FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annually determined contributions	\$ 17,645	\$ 18,374	\$ 28,347	\$ 15,592
Contributions in relation to the annually determined contribution	<u>75,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (131,626)</u>	<u>\$ (121,653)</u>	<u>\$ (134,408)</u>
Covered employee payroll	\$ 1,311,835	\$ 1,403,746	\$ 1,453,156	\$ 2,211,123
Contributions as a percentage of covered employee payroll	6%	11%	10%	7%

CITY OF GRAND LEDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

NOTE 1 - PENSION PLAN

Changes of Benefits Terms - There were no changes of benefit terms in plan year 2020.

Changes in Assumptions - A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020 actuarial valuation, first impacting 2022 contributions. A complete description of the assumptions may be found in the Appendix to the valuation.

Reduction in discount rate from 8.00% to 7.60%.

Reduction in the investment rate of return assumption from 7.75% to 7.60%.

Reduction in the rate of wage inflation from 3.75% to 3.00%.

NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Changes of Benefits Terms - There were no changes of benefit terms in plan year 2021.

Changes in Assumptions - The healthcare cost trend rate decreased from 8.25% to 8.00%.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF GRAND LEDGE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special		
	Local Streets	Parks and Recreation	Drug Forfeiture
ASSETS			
Cash and cash equivalents	\$ 467,422	\$ 79,485	\$ 6,116
Accounts receivable	2,961	-	-
Taxes receivable	-	596	-
Due from other governmental units	39,485	-	-
Prepays	-	-	-
TOTAL ASSETS	\$ 509,868	\$ 80,081	\$ 6,116
LIABILITIES			
Accounts payable	\$ 4,019	\$ 24,993	\$ 159
Accrued liabilities	3,325	7,746	-
TOTAL LIABILITIES	7,344	32,739	159
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	596	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	502,524	46,746	5,957
TOTAL FUND BALANCES	502,524	46,746	5,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 509,868	\$ 80,081	\$ 6,116

Revenue		Debt Service			Capital Projects	Total Nonmajor Governmental Funds
Police Restricted	Airport Development	Island Bridge	2016 Bonds	2019 Bonds	Capital Improvement	
\$ 2,027	\$ 124,900	\$ 2,819	\$ 39,785	\$ 6,952	\$ 207,514	\$ 937,020
-	-	-	-	-	-	2,961
-	-	-	-	-	-	596
-	-	-	-	-	-	39,485
-	-	-	500	-	-	500
<u>\$ 2,027</u>	<u>\$ 124,900</u>	<u>\$ 2,819</u>	<u>\$ 40,285</u>	<u>\$ 6,952</u>	<u>\$ 207,514</u>	<u>\$ 980,562</u>
\$ -	\$ 8,781	\$ -	\$ 500	\$ -	\$ -	\$ 38,452
-	203	-	-	-	-	11,274
-	8,984	-	500	-	-	49,726
-	-	-	-	-	-	596
-	-	-	500	-	-	500
2,027	115,916	2,819	39,285	6,952	207,514	929,740
2,027	115,916	2,819	39,785	6,952	207,514	930,240
<u>\$ 2,027</u>	<u>\$ 124,900</u>	<u>\$ 2,819</u>	<u>\$ 40,285</u>	<u>\$ 6,952</u>	<u>\$ 207,514</u>	<u>\$ 980,562</u>

**CITY OF GRAND LEDGE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	Special		
	Local Streets	Parks and Recreation	Drug Forfeiture
REVENUES			
Taxes	\$ -	\$ 165,985	\$ -
Intergovernmental	241,141	-	-
Interest and rents	538	3,914	10
Other	8,070	1,705	-
TOTAL REVENUES	249,749	171,604	10
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	1,463
Public works	389,695	-	-
Recreation and culture	-	150,313	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	389,695	150,313	1,463
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(139,946)	21,291	(1,453)
OTHER FINANCING SOURCES (USES)			
Transfers in	260,704	18,100	-
Transfers out	-	(31,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	260,704	(13,100)	-
NET CHANGE IN FUND BALANCES	120,758	8,191	(1,453)
Fund balances, beginning of year	381,766	38,555	7,410
Fund balances, end of year	<u>\$ 502,524</u>	<u>\$ 46,746</u>	<u>\$ 5,957</u>

Revenue		Debt Service			Capital Projects	Total Nonmajor Governmental Funds
Police Restricted	Airport Development	Island Bridge	2016 Bonds	2019 Bonds	Capital Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,985
1,728	-	-	175,473	-	-	418,342
6	82,801	20	291	1,149	145	88,874
-	39,871	-	-	-	107,777	157,423
<u>1,734</u>	<u>122,672</u>	<u>20</u>	<u>175,764</u>	<u>1,149</u>	<u>107,922</u>	<u>830,624</u>
-	74,014	-	-	-	-	74,014
6,139	-	-	-	-	-	7,602
-	-	-	-	-	-	389,695
-	-	-	-	-	-	150,313
-	-	30,000	415,000	117,976	-	562,976
-	-	1,200	60,255	240,150	-	301,605
<u>6,139</u>	<u>74,014</u>	<u>31,200</u>	<u>475,255</u>	<u>358,126</u>	<u>-</u>	<u>1,486,205</u>
<u>(4,405)</u>	<u>48,658</u>	<u>(31,180)</u>	<u>(299,491)</u>	<u>(356,977)</u>	<u>107,922</u>	<u>(655,581)</u>
-	-	31,200	299,283	358,134	-	967,421
-	-	-	-	-	-	(31,200)
-	-	31,200	299,283	358,134	-	936,221
(4,405)	48,658	20	(208)	1,157	107,922	280,640
6,432	67,258	2,799	39,993	5,795	99,592	649,600
<u>\$ 2,027</u>	<u>\$ 115,916</u>	<u>\$ 2,819</u>	<u>\$ 39,785</u>	<u>\$ 6,952</u>	<u>\$ 207,514</u>	<u>\$ 930,240</u>

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>Equipment Operating</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 269,235	\$ 74,144	\$ 343,379
Accounts receivable	7,313	-	7,313
Prepays	-	42,027	42,027
	<u>276,548</u>	<u>116,171</u>	<u>392,719</u>
Noncurrent assets			
Capital assets not being depreciated	13,602	-	13,602
Capital assets, net of accumulated depreciation	1,134,745	-	1,134,745
	<u>1,148,347</u>	<u>-</u>	<u>1,148,347</u>
TOTAL ASSETS	<u>1,424,895</u>	<u>116,171</u>	<u>1,541,066</u>
LIABILITIES			
Current liabilities			
Accounts payable	8,642	-	8,642
Accrued liabilities	3,549	7,484	11,033
Accrued interest payable	4,391	-	4,391
Current portion of compensated absences	641	-	641
Current portion of long-term debt	39,576	-	39,576
	<u>56,799</u>	<u>7,484</u>	<u>64,283</u>
Noncurrent liabilities			
Noncurrent portion of long-term debt	763,247	-	763,247
TOTAL LIABILITIES	<u>820,046</u>	<u>7,484</u>	<u>827,530</u>
NET POSITION			
Net investment in capital assets	1,056,703	-	1,056,703
Unrestricted	(451,854)	108,687	(343,167)
TOTAL NET POSITION	<u>\$ 604,849</u>	<u>\$ 108,687</u>	<u>\$ 713,536</u>

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021**

	Equipment Operating	Employee Benefits	Total
OPERATING REVENUES			
Internal operations	\$ 432,193	\$ 1,075,127	\$ 1,507,320
OPERATING EXPENSES			
Personnel	94,872	1,065,967	1,160,839
Repair and maintenance	75,362	-	75,362
Utilities	8,286	-	8,286
Other	39,194	-	39,194
Depreciation	64,081	-	64,081
TOTAL OPERATING EXPENSES	281,795	1,065,967	1,347,762
OPERATING INCOME	150,398	9,160	159,558
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	29,830	-	29,830
Investment income	146	-	146
Amortization	5,780	-	5,780
Interest expense and fees	(27,637)	-	(27,637)
TOTAL NONOPERATING REVENUES (EXPENSES)	8,119	-	8,119
EXCESS OF REVENUES OVER EXPENDITURES	158,517	9,160	167,677
OTHER FINANCING SOURCES (USES)			
Transfers in	140,730	-	140,730
Transfers out	(27,900)	-	(27,900)
TOTAL OTHER FINANCING SOURCES (USES)	112,830	-	112,830
NET CHANGE IN NET POSITION	271,347	9,160	280,507
Net position, beginning of year	333,502	99,527	433,029
Net position, end of year	\$ 604,849	\$ 108,687	\$ 713,536

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Equipment Operating	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 425,893	\$ 1,075,127	\$ 1,501,020
Cash paid to suppliers/claimants	(163,112)	(1,075,311)	(1,238,423)
Cash paid to employees	(59,295)	-	(59,295)
	<u>203,486</u>	<u>(184)</u>	<u>203,302</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipt of interfund balances	112,830	-	112,830
	<u>112,830</u>	<u>-</u>	<u>112,830</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Intergovernmental	29,830	-	29,830
Purchase of capital assets	(91,644)	-	(91,644)
Payments on borrowing	(37,830)	-	(37,830)
Interest expense and fees	(27,895)	-	(27,895)
	<u>(127,539)</u>	<u>-</u>	<u>(127,539)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	146	-	146
	<u>146</u>	<u>-</u>	<u>146</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	188,923	(184)	188,739
Cash and cash equivalents, beginning of year	<u>80,312</u>	<u>74,328</u>	<u>154,640</u>
Cash and cash equivalents, end of year	<u>\$ 269,235</u>	<u>\$ 74,144</u>	<u>\$ 343,379</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 150,398	\$ 9,160	\$ 159,558
Adjustment to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	64,081	-	64,081
(Increase) in:			
Accounts receivable	(6,300)	-	(6,300)
Prepays	-	(11,268)	(11,268)
Increase (decrease) in:			
Accounts payable	(7,238)	(5,560)	(12,798)
Accrued liabilities	1,904	7,484	9,388
Compensated absences	641	-	641
	<u>641</u>	<u>-</u>	<u>641</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
	<u>\$ 203,486</u>	<u>\$ (184)</u>	<u>\$ 203,302</u>

**CITY OF GRAND LEDGE
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Miscellaneous Tax Collection	Current Tax Collection	Total
ASSETS			
Cash	\$ 557	\$ 123	\$ 680
LIABILITIES			
Due to individuals and agencies	557	-	557
Due to other governmental units	-	123	123
TOTAL LIABILITIES	557	123	680
NET POSITION	\$ -	\$ -	\$ -

**CITY OF GRAND LEDGE
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Miscellaneous Tax Collection	Current Tax Collection	Total
ADDITIONS			
Property tax collection for other governmental units	\$ 43,930	\$ 9,318,088	\$ 9,362,018
DEDUCTIONS			
Property tax distributions to other governmental units	43,930	9,318,088	9,362,018
NET CHANGE IN FIDUCIARY NET POSITION	-	-	-
NET POSITION			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 BALANCE SHEET -
 DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2021**

	General Operating	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 469,784	\$ 18,679	\$ 166,087	\$ 654,550
LIABILITIES				
Accounts payable	\$ 51,330	\$ -	\$ 5,722	\$ 57,052
Accrued liabilities	2,214	-	5,035	7,249
TOTAL LIABILITIES	53,544	-	10,757	64,301
FUND BALANCES				
Restricted	416,240	18,679	155,330	590,249
TOTAL LIABILITIES AND FUND BALANCES	\$ 469,784	\$ 18,679	\$ 166,087	\$ 654,550

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT ON NET POSITION -
 DOWNTOWN DEVELOPMENT AUTHORITY
 JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 590,249

Amounts reported for the governmental activities in the statement of net position are different because:

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

The cost of capital assets is	\$ 4,034,250	
Accumulated depreciation is	<u>(1,942,624)</u>	
Capital assets, net		2,091,626

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Bond payable	(665,000)	
Capitalized bond discounts	8,057	
Accrued interest payable	<u>(4,281)</u>	
		<u>(661,224)</u>

Net Position of Governmental Activities \$ 2,020,651

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2021**

	General Operating	Debt Service	Capital Project	Total
REVENUES				
Taxes	\$ 924,363	\$ -	\$ -	\$ 924,363
Intergovernmental	79,101	-	-	79,101
Interest and rents	482	167	206	855
TOTAL REVENUES	1,003,946	167	206	1,004,319
EXPENDITURES				
Current				
Community and economic development	360,590	175,473	-	536,063
Capital outlay	-	-	74,316	74,316
Debt service				
Principal	-	235,000	-	235,000
Interest and fiscal charges	-	33,501	-	33,501
TOTAL EXPENDITURES	360,590	443,974	74,316	878,880
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	643,356	(443,807)	(74,110)	125,439
OTHER FINANCING SOURCES (USES)				
Transfers in	-	443,725	113,000	556,725
Transfers out	(556,725)	-	-	(556,725)
TOTAL OTHER FINANCING SOURCES (USES)	(556,725)	443,725	113,000	-
NET CHANGE IN FUND BALANCES	86,631	(82)	38,890	125,439
Fund balances, beginning of year	329,609	18,761	116,440	464,810
Fund balances, end of year	<u>\$ 416,240</u>	<u>\$ 18,679</u>	<u>\$ 155,330</u>	<u>\$ 590,249</u>

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 125,439

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (143,969)

The loss on disposal of capital assets is reported in the statement of activities. The loss is not a use of current resources and thus is not reported in the funds. -

Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable deferred outflow of resources or liabilities in the statement of net position. In the current year, these amounts consist of:

(Decrease) to deferred charges on refunding (4,412)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Payment on long-term debt	\$ 235,000
(Decrease) in capitalized bond discounts	<u>(2,057)</u>

232,943

Some items reported in the statement of activities do not result in the use of or provide current financial resources and therefore are reported differently than in the governmental funds. These activities consist of:

Decrease in accrued interest payable 1,261

Change in Net Position of Governmental Activities \$ 211,262

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 BALANCE SHEET -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 JUNE 30, 2021**

	General Operating
ASSETS	
Cash and cash equivalents	\$ 16,540
Due from other governmental units	75,000
TOTAL ASSETS	\$ 91,540
LIABILITIES	
Accounts payable	\$ 15,387
Accrued liabilities	111
TOTAL LIABILITIES	15,498
FUND BALANCE	
Restricted	76,042
TOTAL LIABILITIES AND FUND BALANCE	\$ 91,540

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 RECONCILIATION OF THE COMBINING BALANCE SHEET TO THE STATEMENT OF NET POSITION -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 JUNE 30, 2021**

Total Fund Balance - Governmental Fund \$ 76,042

Amounts reported for the governmental activities in the statement of net position are different because:

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

The cost of capital assets is 2,403,772

Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:

Deferred charges on refunding 1,601

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term liabilities at year-end consist of:

Bond payable	\$ (75,000)
Capitalized bond premiums	(1,804)
Accrued interest payable	<u>(250)</u>

(77,054)

Net Position of Governmental Activities

\$ 2,404,361

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 YEAR ENDED JUNE 30, 2021**

	General Operating
REVENUES	
Taxes	\$ 44,877
Intergovernmental	75,000
Interest	188
Other	19,986
TOTAL REVENUES	140,051
EXPENDITURES	
Current	
Community and economic development	182,843
Debt service	
Principal	35,000
Interest and fiscal charges	2,200
TOTAL EXPENDITURES	220,043
NET CHANGE IN FUND BALANCE	(79,992)
Fund balance, beginning of year	156,034
Fund balance, end of year	\$ 76,042

**CITY OF GRAND LEDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - LOCAL DEVELOPMENT FINANCE AUTHORITY
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Total Governmental Fund \$ (79,992)

Amounts reported for component units in the statement of activities are different because:

The disposal of capital assets is reported in the statement of activities. The disposal is not a use of current resources and thus is not reported in the funds. (18,799)

Reductions of long-term debt are reported as expenditures in governmental funds, but repayments and other related adjustments reduce long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Payments on long-term debt	\$	35,000	
Decrease in capitalized bond premiums		<u>902</u>	
			35,902

Certain transactions related to long-term debt are reported as expenditures or other financing sources/uses in governmental funds, but are reflected as increases or decreases of the applicable deferred outflow of resources or liabilities in the statement of net position. In the current year, these amounts consist of:

(Decrease) to deferred charges on refunding (800)

Some items reported in the statement of activities do not result in the use of or provide current financial resources and therefore are reported differently than in the governmental funds. These activities consist of:

Decrease in accrued interest payable		<u>117</u>	
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Change in Net Position of Governmental Activities \$ (63,572)