

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

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

YEAR ENDED JUNE 30, 2022

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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Manes Costeiran PC

October 10, 2022

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, 2022.

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 \$45,250,685 (net position). Of this amount, \$6,588,347 (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 \$3,534,601.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,747,436, an increase of \$591,646 from the prior year, of which \$1,460,759 is available for unrestricted spending (unassigned fund balance). The increase of \$591,646 is primarily the result of ARPA funding and additional state shared revenue received by the City.
- Fund balance of the General Fund increased by \$507,356 during the current fiscal year, compared to the \$165,444 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 \$1,460,759 or 42.8% 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).

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.

CITY OF GRAND LEDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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.

CITY OF GRAND LEDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$45,250,685 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80.48%) 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, 2022 and 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 6,124,531	\$ 4,793,251	\$ 6,097,526	\$ 6,756,797	\$ 12,222,057	\$ 11,550,048
Capital assets, net	27,547,724	26,821,091	22,366,006	20,441,241	49,913,730	47,262,332
TOTAL ASSETS	33,672,255	31,614,342	28,463,532	27,198,038	62,135,787	58,812,380
DEFERRED OUTFLOWS OF RESOURCES	623,212	688,106	52,046	91,055	675,258	779,161
LIABILITIES						
Current	1,817,248	1,537,277	1,232,436	1,192,717	3,049,684	2,729,994
Noncurrent	7,656,050	8,227,305	5,685,458	6,624,954	13,341,508	14,852,259
TOTAL LIABILITIES	9,473,298	9,764,582	6,917,894	7,817,671	16,391,192	17,582,253
DEFERRED INFLOWS OF RESOURCES	666,377	281,253	522,452	11,951	1,188,829	293,204
NET POSITION						
Net invested in capital assets	20,630,286	19,376,475	15,785,582	12,966,392	36,415,868	32,342,867
Restricted	2,226,200	2,114,928	20,270	77,415	2,246,470	2,192,343
Unrestricted	1,299,306	765,210	5,269,380	6,415,664	6,568,686	7,180,874
TOTAL NET POSITION	\$ 24,155,792	\$ 22,256,613	\$ 21,075,232	\$ 19,459,471	\$ 45,231,024	\$ 41,716,084

Approximately 85.34% 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 \$1,318,967 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 \$1,918,840, or 7.94%, to \$24.17 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 \$1,615,761, or 7.67%, to \$21.07 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, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenue						
Charges for services	\$ 819,875	\$ 803,259	\$ 4,998,133	\$ 4,671,468	\$ 5,818,008	\$ 5,474,727
Operating grants and contributions	1,837,612	1,142,799	-	-	1,837,612	1,142,799
Capital grants and contributions	594,085	205,473	-	-	594,085	205,473
General revenues						
Property taxes	2,391,657	2,627,506	-	-	2,391,657	2,627,506
State Revenue Sharing	941,935	868,674	-	-	941,935	868,674
Investment earnings	9,346	6,624	17,519	6,783	26,865	13,407
Gain on sale of capital assets	21,252	-	12,063	-	33,315	-
Miscellaneous	32,659	107,367	-	-	32,659	107,367
Transfers	145,338	295,764	(145,338)	(295,764)	-	-
TOTAL REVENUES	6,793,759	6,057,466	4,882,377	4,382,487	11,676,136	10,439,953
EXPENSES						
General government	1,830,885	1,872,151	-	-	1,830,885	1,872,151
Public safety	1,791,008	1,838,719	-	-	1,791,008	1,838,719
Public works	728,957	226,231	-	-	728,957	226,231
Community and economic development	61,182	51,566	-	-	61,182	51,566
Recreation and culture	156,511	138,277	-	-	156,511	138,277
Interest on long-term debt	326,037	349,272	-	-	326,037	349,272
Water and Sewer	-	-	3,266,616	3,285,010	3,266,616	3,285,010
TOTAL EXPENSES	4,894,580	4,476,216	3,266,616	3,285,010	8,161,196	7,761,226
Change in net position	<u>\$ 1,899,179</u>	<u>\$ 1,581,250</u>	<u>\$ 1,615,761</u>	<u>\$ 1,097,477</u>	<u>\$ 3,514,940</u>	<u>\$ 2,678,727</u>

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 \$3,747,436, an increase of \$591,646 from the prior year. Of the total fund balance, 39.0% or \$1,460,759 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 \$1,923,628 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 \$1,823,808. 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 42.8% of total General Fund expenditures and other financing uses. Total fund balance increased by \$507,356 during the current fiscal year. This increase was the result of ARPA funding and additional state shared revenue received by the City.

The Major Streets Fund had total restricted fund balance of \$363,527, a decrease of \$76,120. 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 Local Streets Fund had total restricted fund balance of \$299,620, a decrease of \$202,904. 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 \$770,192, an increase of \$301,457. 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.

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 \$5,239,850. The fund had an increase in net position for the year of \$1,609,608. Factors related to this fund are addressed in the analysis for business-type activities.

General Fund Budgetary Highlights (Non-GAAP Basis)

The City amended the budget throughout the year as new information became available. 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 positive variance in the net change in fund balance of \$507,356. The most significant fluctuation with the final amended expenditure budget relates to general government activities that were approximately \$240,167 under budget due to strong control over expenditures. On the revenue side, revenues come in approximately \$106,906 higher than expected mainly in intergovernmental revenue that was over budget by \$236,548 due to ARPA funding recognized by the City.

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

Capital Asset and Debt Administration

At the end of the 2022 fiscal year, the City had invested approximately \$49.91 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 6 to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,234,333	\$ 587,294	\$ 2,821,627
Land improvements	2,836,069	38,234	2,874,303
Buildings and improvements	3,766,547	21,438,448	25,204,995
Equipment	1,340,827	302,030	1,642,857
Infrastructure	17,369,948	-	17,369,948
Capital assets, net	<u>\$ 27,547,724</u>	<u>\$ 22,366,006</u>	<u>\$ 49,913,730</u>

At year end, the City had approximately \$13.21 million in bonds and other obligations outstanding. This represents a decrease of \$1.34 million from the previous fiscal year. More detailed information about the City's long-term liabilities is presented in Note 7 to the basic financial statements.

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 6,636,063	\$ 4,637,999	\$ 11,274,062
Contractual obligation with Eaton County	-	1,605,000	1,605,000
Accrued compensated absences	255,629	75,018	330,647
Total outstanding debt	<u>\$ 6,891,692</u>	<u>\$ 6,318,017</u>	<u>\$ 13,209,709</u>

The City also had \$663,330 in net unamortized bond items at June 30, 2022. 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.
- 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, 2022**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,961,497	\$ 4,622,106	\$ 9,583,603	\$ 395,353
Receivables	87,602	959,789	1,047,391	-
Due from other governmental units	314,308	-	314,308	-
Prepays	62,925	-	62,925	-
Total current assets	5,426,332	5,581,895	11,008,227	395,353
Noncurrent assets				
Receivables	212,057	498,520	710,577	-
Capital assets not being depreciated	2,234,333	587,294	2,821,627	2,902,113
Capital assets, net of accumulated depreciation	25,313,391	21,778,712	47,092,103	1,467,326
Net other post-employment benefits asset	486,142	17,111	503,253	-
Total noncurrent assets	28,245,923	22,881,637	51,127,560	4,369,439
TOTAL ASSETS	33,672,255	28,463,532	62,135,787	4,764,792
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	44,530	44,530	800
Deferred outflows of resources related to pensions	400,797	-	400,797	-
Deferred outflows of resources related to OPEB	222,415	7,516	229,931	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	623,212	52,046	675,258	800
LIABILITIES				
Current liabilities				
Accounts payable	225,916	110,075	335,991	10,091
Accrued liabilities	151,692	70,605	222,297	3,213
Accrued interest payable	32,598	37,242	69,840	3,462
Unearned revenue	750,879	-	750,879	-
Current portion of compensated absences	144,331	75,018	219,349	-
Current portion of long-term debt	511,832	939,496	1,451,328	198,845
Total current liabilities	1,817,248	1,232,436	3,049,684	215,611
Noncurrent liabilities				
Noncurrent portion of compensated absences	111,298	-	111,298	-
Noncurrent portion of long-term debt	6,405,606	5,685,458	12,091,064	341,058
Net pension liability	1,139,146	-	1,139,146	-
Total noncurrent liabilities	7,656,050	5,685,458	13,341,508	341,058
TOTAL LIABILITIES	9,473,298	6,917,894	16,391,192	556,669
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - leases	227,171	518,095	745,266	-
Deferred inflows of resources related to pensions	306,551	-	306,551	-
Deferred inflows of resources related to OPEB	132,655	4,357	137,012	-
TOTAL DEFERRED INFLOWS OF RESOURCES	666,377	522,452	1,188,829	-
NET POSITION				
Net investment in capital assets	20,630,286	15,785,582	36,415,868	3,830,336
Restricted	2,226,200	20,270	2,246,470	49,841
Unrestricted	1,299,306	5,269,380	6,568,686	328,746
TOTAL NET POSITION	\$ 24,155,792	\$ 21,075,232	\$ 45,231,024	\$ 4,208,923

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 1,830,885	\$ 398,735	\$ 429,391	\$ -	\$ (1,002,759)	\$ -	\$ (1,002,759)	\$ -
Public safety	1,791,008	173,226	36,125	-	(1,581,657)	-	(1,581,657)	-
Public works	728,957	240,719	1,281,897	421,369	1,215,028	-	1,215,028	-
Community and economic development	61,182	3,435	68,000	172,716	182,969	-	182,969	-
Recreation and culture	156,511	3,760	22,199	-	(130,552)	-	(130,552)	-
Interest on long-term debt	326,037	-	-	-	(326,037)	-	(326,037)	-
Total governmental activities	4,894,580	819,875	1,837,612	594,085	(1,643,008)	-	(1,643,008)	-
Business-type activities								
Water and Sewer	3,266,616	4,998,133	-	-	-	1,731,517	1,731,517	-
Total primary government	8,161,196	5,818,008	1,837,612	594,085	(1,643,008)	1,731,517	88,509	-
Component units								
Downtown Development Authority	1,426,286	-	93,654	-	-	-	-	(1,332,632)
Local Development Finance Authority	59,341	-	-	-	-	-	-	(59,341)
Total component units	\$ 1,485,627	\$ -	\$ 93,654	\$ -	-	-	-	(1,391,973)
General revenues								
Property taxes					2,391,657	-	2,391,657	1,171,975
State shared revenue					941,935	-	941,935	-
Investment earnings					9,346	17,519	26,865	1,145
Gain on sale of capital assets					21,252	12,063	33,315	-
Miscellaneous					32,659	-	32,659	2,764
Transfers					145,338	(145,338)	-	-
Total general revenues and transfers					3,542,187	(115,756)	3,426,431	1,175,884
Change in net position					1,899,179	1,615,761	3,514,940	(216,089)
Net position, beginning of the year					22,256,613	19,459,471	41,716,084	4,425,012
Net position, end of year					\$ 24,155,792	\$ 21,075,232	\$ 45,231,024	\$ 4,208,923

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	General	Major Streets	Local Streets	Municipal Streets	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,628,938	\$ 271,097	\$ 260,716	\$ 796,624	\$ 520,123	\$ 4,477,498
Receivables						
Accounts	26,416	6,004	6,004	-	-	38,424
Leases	-	-	-	-	233,258	233,258
Taxes	3,811	-	-	1,143	381	5,335
Due from other governmental units	167,467	107,007	39,834	-	-	314,308
Prepays	5,858	-	-	-	-	5,858
TOTAL ASSETS	\$ 2,832,490	\$ 384,108	\$ 306,554	\$ 797,767	\$ 753,762	\$ 5,074,681
LIABILITIES						
Accounts payable	\$ 152,152	\$ 17,832	\$ 3,885	\$ 13,133	\$ 26,245	\$ 213,247
Accrued liabilities	101,840	2,749	3,049	13,299	9,676	130,613
Unearned revenue	750,879	-	-	-	-	750,879
TOTAL LIABILITIES	1,004,871	20,581	6,934	26,432	35,921	1,094,739
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - leases	-	-	-	-	227,171	227,171
Unavailable revenue - delinquent personnel property	3,811	-	-	1,143	381	5,335
TOTAL DEFERRED INFLOWS OF RESOURCES	3,811	-	-	1,143	227,552	232,506
FUND BALANCES						
Nonspendable	5,858	-	-	-	-	5,858
Restricted	-	363,527	299,620	770,192	490,289	1,923,628
Assigned	357,191	-	-	-	-	357,191
Unassigned	1,460,759	-	-	-	-	1,460,759
TOTAL FUND BALANCES	1,823,808	363,527	299,620	770,192	490,289	3,747,436
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,832,490	\$ 384,108	\$ 306,554	\$ 797,767	\$ 753,762	\$ 5,074,681

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, 2022

Total Fund Balances - Governmental Funds \$ 3,747,436

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	\$ 36,269,685	
Accumulated depreciation is	(9,931,806)	
Capital assets, net		26,337,879

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	977,939
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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	5,335
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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	486,142
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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	400,797	
Deferred inflows of resources related to pensions	(306,551)	
Deferred outflows of resources related to OPEB	222,415	
Deferred inflows of resources related to OPEB	(132,655)	
		184,006

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	(5,878,596)	
Capitalized bond premiums/discounts	(281,375)	
Accrued interest payable	(28,477)	
Compensated absences	(255,351)	
Net pension liability	(1,139,146)	
		(7,582,945)

Net Position of Governmental Activities	\$ 24,155,792
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**CITY OF GRAND LEDGE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	General	Major Streets	Local Streets	Municipal Streets	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 1,847,427	\$ -	\$ -	\$ 827,385	\$ 178,430	\$ 2,853,242
Special assessments	-	-	-	7,060	-	7,060
Licenses and permits	156,965	-	-	-	-	156,965
Intergovernmental	1,484,459	703,320	258,116	408,369	187,734	3,041,998
Charges for services	340,634	-	-	-	-	340,634
Fines and forfeits	14,228	-	-	-	-	14,228
Interest and rents	36,904	720	870	1,172	95,143	134,809
Other	39,912	9,616	7,637	-	58,996	116,161
	<u>3,920,529</u>	<u>713,656</u>	<u>266,623</u>	<u>1,243,986</u>	<u>520,303</u>	<u>6,665,097</u>
TOTAL REVENUES						
EXPENDITURES						
Current						
General government	1,078,568	-	-	-	-	1,078,568
Public safety	1,913,222	-	-	-	2,149	1,915,371
Public works	145,110	564,776	894,527	453,204	82,993	2,140,610
Community and economic development	61,182	-	-	-	-	61,182
Recreation and culture	-	-	-	-	200,773	200,773
Capital outlay	31,511	-	-	-	716	32,227
Debt service	153,580	-	-	-	637,825	791,405
	<u>3,383,173</u>	<u>564,776</u>	<u>894,527</u>	<u>453,204</u>	<u>924,456</u>	<u>6,220,136</u>
TOTAL EXPENDITURES						
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>537,356</u>	<u>148,880</u>	<u>(627,904)</u>	<u>790,782</u>	<u>(404,153)</u>	<u>444,961</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	425,000	-	493,769	918,769
Transfers out	(30,000)	(225,000)	-	(489,325)	(27,759)	(772,084)
	<u>(30,000)</u>	<u>(225,000)</u>	<u>425,000</u>	<u>(489,325)</u>	<u>466,010</u>	<u>146,685</u>
TOTAL OTHER FINANCING SOURCES (USES)						
NET CHANGE IN FUND BALANCES	507,356	(76,120)	(202,904)	301,457	61,857	591,646
Fund balances, beginning of year	1,316,452	439,647	502,524	468,735	428,432	3,155,790
Fund balances, end of year	<u>\$ 1,823,808</u>	<u>\$ 363,527</u>	<u>\$ 299,620</u>	<u>\$ 770,192</u>	<u>\$ 490,289</u>	<u>\$ 3,747,436</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, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 591,646**

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	\$ 1,518,004
Depreciation expense	(847,209)
Disposals	<u>(5,660)</u>

Excess of capital outlay over depreciation expense and loss on disposals	665,135
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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	287,780
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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.

(Decrease) in unavailable revenue	(11,016)
(Decrease) in net other post-employment benefits asset	<u>(44,806)</u>

(55,822)

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	457,640
Decrease in capitalized bond premiums/discounts	<u>24,182</u>

481,822

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	1,948
(Increase) in compensated absences	(31,671)
Decrease in net pension liability	173,181
Increase in deferred outflows of resources related to pensions	39,542
(Increase) in deferred inflows of resources related to pensions	(112,861)
(Decrease) in deferred outflows of resources related to OPEB	(104,436)
(Increase) in deferred inflows of resources related to OPEB	<u>(37,085)</u>

(71,382)

Change in Net Position of Governmental Activities	<u>\$ 1,899,179</u>
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See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-type Activities Water and Sewer	Governmental Activities Internal Service
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,592,576	\$ 513,529
Accounts receivable	929,785	22,642
Leases receivable	30,004	-
Prepays	-	57,067
Total current assets	<u>5,552,365</u>	<u>593,238</u>
Noncurrent assets		
Leases receivable	498,520	-
Capital assets not being depreciated	587,294	13,602
Capital assets, net of accumulated depreciation	21,778,712	1,196,243
Net other post-employment benefits asset	17,111	-
Total noncurrent assets	<u>22,881,637</u>	<u>1,209,845</u>
TOTAL ASSETS	<u>28,434,002</u>	<u>1,803,083</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	44,530	-
Deferred outflows of resources related to other post-employment benefits	7,516	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>52,046</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable	110,075	12,669
Accrued liabilities	70,605	21,079
Accrued interest payable	37,242	4,121
Current portion of compensated absences	75,018	278
Current portion of long-term debt	939,496	41,322
Total current liabilities	<u>1,232,436</u>	<u>79,469</u>
Noncurrent liabilities		
Noncurrent portion of long-term debt	5,685,458	716,145
TOTAL LIABILITIES	<u>6,917,894</u>	<u>795,614</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - leases	518,095	-
Deferred inflows of resources related to other post-employment benefits	4,357	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>522,452</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	15,785,582	452,378
Restricted for other post-employment benefits	20,270	-
Unrestricted	5,239,850	555,091
TOTAL NET POSITION	<u><u>\$ 21,045,702</u></u>	<u><u>\$ 1,007,469</u></u>

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, 2022

Total Net Position - Enterprise Fund	\$ 21,045,702
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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

<u>29,530</u>

Net Position of Business-type Activities

<u><u>\$ 21,075,232</u></u>

**CITY OF GRAND LEDGE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Business-type Activities <u>Water and Sewer</u>	Governmental Activities <u>Internal Service</u>
OPERATING REVENUES		
Water operations	\$ 2,533,049	\$ -
Sewer operations	2,319,449	-
Internal operations	-	1,654,770
Interest and penalty charges	53,899	-
Rent	56,215	-
Other	35,521	-
	<u>4,998,133</u>	<u>1,654,770</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personnel	1,120,529	1,132,392
Repair and maintenance	804,486	106,966
Utilities	277,423	7,254
Other	382,535	42,313
Depreciation	636,550	107,772
	<u>3,221,523</u>	<u>1,396,697</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	<u>1,776,610</u>	<u>258,073</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earned	17,519	692
Gain on sale of capital assets	12,063	56,813
Amortization, net	22,421	-
Bond issuance costs	-	5,780
Interest expense and fees	(73,667)	(26,078)
	<u>(21,664)</u>	<u>37,207</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
CHANGE IN NET POSITION	<u>1,754,946</u>	<u>295,280</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	25,000
Transfers out	(145,338)	(26,347)
	<u>(145,338)</u>	<u>(1,347)</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN NET POSITION	1,609,608	293,933
Net position, beginning of year	<u>19,436,094</u>	<u>713,536</u>
Net position, end of year	<u>\$ 21,045,702</u>	<u>\$ 1,007,469</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, 2022**

Net Change in Net Position - Enterprise Fund	\$ 1,609,608
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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 Business-type Activities	<u><u>\$ 1,615,761</u></u>
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**CITY OF GRAND LEDGE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Business-type Activities <u>Water and Sewer</u>	Governmental Activities <u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 4,496,686	\$ 1,639,441
Cash paid to suppliers/claimants	(1,291,613)	(1,228,549)
Cash paid to employees	<u>(696,304)</u>	<u>(61,706)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,508,769</u>	<u>349,186</u>
CASH FLOWS FROM NONCAPITAL AND FINANCING ACTIVITIES		
(Payment)/receipt of interfund balances	<u>1,503,459</u>	<u>(1,347)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,701,315)	(185,986)
Sale of capital assets	152,063	73,529
Payments on borrowing	(872,004)	(39,576)
Interest expense and fees	<u>(78,573)</u>	<u>(26,348)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,499,829)</u>	<u>(178,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>17,519</u>	<u>692</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	529,918	170,150
Cash and cash equivalents, beginning of year	<u>4,062,658</u>	<u>343,379</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,592,576</u></u>	<u><u>\$ 513,529</u></u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Business-type Activities <u>Water and Sewer</u>	Governmental Activities <u>Internal Service</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,776,610	\$ 258,073
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	636,550	107,772
(Increase) decrease in:		
Accounts receivable	(26,121)	(15,329)
Leases receivable	(528,524)	-
Special assessments receivable	53,198	-
Prepays	-	(15,040)
Net OPEB asset	47,992	-
Deferred outflows of resources related to net OPEB asset	16,747	-
Increase (decrease) in:		
Accounts payable	2,717	4,027
Accrued liabilities	16,382	10,046
Compensated absences	2,717	(363)
Unavailable revenue - leases	518,095	-
Deferred inflows of resources related to net OPEB asset	(7,594)	-
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 2,508,769</u>	 <u>\$ 349,186</u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash	\$ -	\$ 3,587
Investments	<u>862,543</u>	<u>-</u>
TOTAL ASSETS	<u>862,543</u>	<u>3,587</u>
LIABILITIES		
Due to individuals and agencies	<u>-</u>	<u>3,587</u>
NET POSITION		
Restricted		
Other post-employment benefits (health insurance)	<u><u>\$ 862,543</u></u>	<u><u>\$ -</u></u>

**CITY OF GRAND LEDGE
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Contributions		
Employer	\$ 39,348	\$ -
Property tax collection for other governmental units	-	9,672,508
Investment earnings	<u>(77,495)</u>	<u>-</u>
TOTAL ADDITIONS	<u>(38,147)</u>	<u>9,672,508</u>
DEDUCTIONS		
Benefit payments	39,348	-
Administrative expenses	1,689	-
Property tax distributions to other governmental units	<u>-</u>	<u>9,672,508</u>
TOTAL DEDUCTIONS	<u>41,037</u>	<u>9,672,508</u>
NET CHANGE IN FIDUCIARY NET POSITION	<u>(79,184)</u>	<u>-</u>
NET POSITION		
Beginning of year	<u>941,727</u>	<u>-</u>
End of year	<u><u>\$ 862,543</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

	Downtown Development Authority	Local Development Finance Authority	Total Component Units
ASSETS			
Current assets			
Cash and cash equivalents	\$ 370,917	\$ 24,436	\$ 395,353
Noncurrent assets			
Capital assets not being depreciated	498,341	2,403,772	2,902,113
Capital assets, net of accumulated depreciation	1,467,326	-	1,467,326
Total noncurrent assets	1,965,667	2,403,772	4,369,439
TOTAL ASSETS	2,336,584	2,428,208	4,764,792
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	800	800
LIABILITIES			
Current liabilities			
Accounts payable	9,461	630	10,091
Accrued liabilities	3,213	-	3,213
Accrued interest payable	3,345	117	3,462
Current portion of long-term debt	162,943	35,902	198,845
Total current liabilities	178,962	36,649	215,611
Noncurrent liabilities			
Noncurrent portion of long-term debt	341,058	-	341,058
TOTAL LIABILITIES	520,020	36,649	556,669
NET POSITION			
Net investment in capital assets	1,461,666	2,368,670	3,830,336
Restricted	49,841	-	49,841
Unrestricted	305,057	23,689	328,746
TOTAL NET POSITION	\$ 1,816,564	\$ 2,392,359	\$ 4,208,923

See accompanying notes to financial statements.

**CITY OF GRAND LEDGE
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 1,426,286	\$ -	\$ 93,654	\$ (1,332,632)	\$ -	\$ (1,332,632)
Local Development Finance Authority	59,341	-	-	-	(59,341)	(59,341)
Total component units	<u>\$ 1,485,627</u>	<u>\$ -</u>	<u>\$ 93,654</u>	<u>(1,332,632)</u>	<u>(59,341)</u>	<u>(1,391,973)</u>
General revenues						
Property taxes				1,124,716	47,259	1,171,975
Investment earnings				1,065	80	1,145
Other				2,764	-	2,764
Total general revenues				<u>1,128,545</u>	<u>47,339</u>	<u>1,175,884</u>
Change in net position				(204,087)	(12,002)	(216,089)
Net position, beginning of year				<u>2,020,651</u>	<u>2,404,361</u>	<u>4,425,012</u>
Net position, end of year				<u>\$ 1,816,564</u>	<u>\$ 2,392,359</u>	<u>\$ 4,208,923</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 *Local 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 local streets.
- d. 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.

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)

Leases

The City is a lessor for noncancelable leases of space on its water tower and hanger space at its airport. The City recognizes lease receivables and deferred inflows of resources in the government-wide and governmental fund financial statements.

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

Key estimates and judgements include how the City determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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.

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

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

Capital Assets (continued)

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.

All employees with accumulated compensated absences at June 30, 2022, 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.

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

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

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, one of which arises only under a modified accrual basis of accounting and qualify for reporting in this category. The City reports unavailable revenue for long-term leases entered into by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease agreements. The City also reports *unavailable revenue* 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.

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.

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

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

Property Tax (continued)

The City is permitted by charter to levy taxes up to 14 mills (\$14 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, 2022, 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 2021 levy for property within the City was \$252,098,352.

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.

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.

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.

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

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

Fund Balance Classifications (continued)

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.

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, 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, 2022, \$4,057,519 of the City's bank balance of \$4,557,519 was exposed to custodial credit risk because it was uninsured and uncollateralized. The balance of \$4,225,489 is reported on the financial statements as of June 30, 2022. 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 issue 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
PRIMARY GOVERNMENT		
Michigan CLASS Investment Pool	<u>\$ 5,756,504</u>	0.0986

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>\$ 5,756,504</u>	AAAm

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

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, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
PRIMARY GOVERNMENT				
Michigan CLASS Investment Pool	\$ 5,756,504	\$ -	No restrictions	None
FIDUCIARY FUNDS				
MERS total market portfolio	<u>862,543</u>	<u>-</u>	No restrictions	None
Total investments at NAV	<u>\$ 6,619,047</u>	<u>\$ -</u>		

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The deposits 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, 2022:

	Primary Government	Fiduciary Funds	Component Units	Reporting Entity
Cash and cash equivalents	\$ 9,583,603	\$ 3,587	\$ 395,353	\$ 9,982,543
Investments	-	862,543	-	862,543
	<u>\$ 9,583,603</u>	<u>\$ 866,130</u>	<u>\$ 395,353</u>	<u>\$ 10,845,086</u>

NOTE 3 - LEASE RECEIVABLE

During the current fiscal year, the City began reporting its leases of space on its water tower and hanger space at its airport to third-parties. The water tower leases, including all renewal terms, is through July 10, 2035, with annual payments increasing by 1.9% annually with 15% escalators every 5 years. The hanger space lease, including all renewal terms, is through June 30, 2031, with annual payments increasing by 3.0% or inflation, whichever is higher.

The amount of leases receivable, unavailable revenue related to leases, lease revenue, and interest revenue for the year ended June 30, 2022, are as follows:

	Governmental Activities	Business-type Activities	
	Hanger Space	Water Tower Space	Total
Lease receivable	<u>\$ 233,258</u>	<u>\$ 528,524</u>	<u>\$ 761,782</u>
Deferred inflows of resources	<u>\$ 227,171</u>	<u>\$ 518,095</u>	<u>\$ 745,266</u>
Lease revenue	\$ 19,154	\$ 29,438	\$ 48,592
Interest revenue	<u>4,846</u>	<u>10,712</u>	<u>15,558</u>
	<u>\$ 24,000</u>	<u>\$ 40,150</u>	<u>\$ 64,150</u>

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 Local Streets Fund from:	
Major Streets Fund	\$ 225,000
Municipal Streets Fund	<u>200,000</u>
	<u>\$ 425,000</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 30,000
Municipal Streets Fund	289,325
Water and Sewer Fund	120,338
Internal Service funds	26,347
Nonmajor governmental funds	<u>27,759</u>
	<u>\$ 493,769</u>
Transfers to internal service funds from:	
Water and Sewer Fund	<u>\$ 25,000</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, 2022, was as follows:

Primary Government

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,234,333	\$ -	\$ -	\$ 2,234,333
Capital assets being depreciated				
Land improvements	4,300,636	29,093	-	4,329,729
Buildings and improvements	5,719,736	142,065	(18,010)	5,843,791
Equipment	2,470,748	353,268	(124,269)	2,699,747
Infrastructure	22,071,178	1,179,564	-	23,250,742
Total depreciable assets	34,562,298	1,703,990	(142,279)	36,124,009
Less accumulated depreciation for:				
Land improvements	(1,346,485)	(147,175)	-	(1,493,660)
Buildings and improvements	(1,940,554)	(149,040)	12,350	(2,077,244)
Equipment	(1,291,946)	(174,527)	107,553	(1,358,920)
Infrastructure	(5,396,555)	(484,239)	-	(5,880,794)
Total accumulated depreciation	(9,975,540)	(954,981)	119,903	(10,810,618)
Net depreciable assets	24,586,758	749,009	(22,376)	25,313,391
Capital assets, net	\$ 26,821,091	\$ 749,009	\$ (22,376)	\$ 27,547,724

Depreciation expense was charged to the following governmental activities:

General government	\$ 215,343
Public safety	24,819
Public works	631,711
Recreation and culture	83,108
Total depreciation expense	\$ 954,981

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

NOTE 5 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
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	32,748,676	2,583,656	-	35,332,332
Equipment	893,550	117,659	(342,745)	668,464
Total depreciable assets	33,759,679	2,701,315	(342,745)	36,118,249
Less accumulated depreciation for:				
Land improvements	(74,521)	(4,698)	-	(79,219)
Buildings and improvements	(13,291,490)	(602,394)	-	(13,893,884)
Equipment	(539,721)	(29,458)	202,745	(366,434)
Total accumulated depreciation	(13,905,732)	(636,550)	202,745	(14,339,537)
Net capital assets being depreciated	19,853,947	2,064,765	(140,000)	21,778,712
Capital assets, net	<u>\$ 20,441,241</u>	<u>\$ 2,064,765</u>	<u>\$ (140,000)</u>	<u>\$ 22,366,006</u>

Component Units

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Downtown Development Authority				
Capital assets not being depreciated				
Land	\$ 480,331	\$ 18,010	\$ -	\$ 498,341
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	(1,911,320)	(139,155)	-	(2,050,475)
Buildings and improvements	(16,727)	(1,394)	-	(18,121)
Equipment	(14,577)	(3,420)	-	(17,997)
Total accumulated depreciation	(1,942,624)	(143,969)	-	(2,086,593)
Net capital assets being depreciated	1,611,295	(143,969)	-	1,467,326
Capital assets, net	<u>\$ 2,091,626</u>	<u>\$ (125,959)</u>	<u>\$ -</u>	<u>\$ 1,965,667</u>

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (continued)

Component Units (continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Local Development Finance Authority				
Land	\$ 2,403,772	\$ -	\$ -	\$ 2,403,772

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, 2022.

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds					
2013 Capital Improvement Bonds	\$ 1,655,000	\$ -	\$ (105,000)	\$ 1,550,000	\$ 105,000
2016 Capital Improvement Refunding Bonds	30,000	-	(30,000)	-	-
2016 Capital Improvement Bonds	2,465,000	-	(205,000)	2,260,000	210,000
2019 Capital Improvement Bonds	2,989,059	-	(162,996)	2,826,063	170,187
Bond discounts	(18,503)	-	1,424	(17,079)	(1,423)
Bond premiums	324,060	-	(25,606)	298,454	28,068
Compensated absences	224,321	157,962	(126,654)	255,629	144,331
Total governmental activities	7,668,937	157,962	(653,832)	7,173,067	656,163
Business-type activities					
General obligation bonds					
Contractual obligation with Eaton County	2,120,000	-	(515,000)	1,605,000	525,000
Revenue Bonds	1,749,062	-	(180,000)	1,569,062	185,000
2019 Capital Improvement Bonds	3,245,941	-	(177,004)	3,068,937	184,813
Bond premiums	426,638	-	(44,683)	381,955	44,683
Compensated absences	72,301	43,785	(41,068)	75,018	42,611
Total business-type activities	7,613,942	43,785	(957,755)	6,699,972	982,107
Total Primary Government	15,282,879	201,747	(1,611,587)	13,873,039	1,638,270
Component Units					
Downtown Development Authority					
General obligation bonds					
2010 General Obligation Bonds	665,000	-	(155,000)	510,000	165,000
Bond discounts	(8,057)	-	2,058	(5,999)	(2,057)
Total Downtown Development Authority	656,943	-	(152,942)	504,001	162,943
Local Development Finance Authority					
General obligation bonds					
2016 Capital Improvement Refunding Bonds	75,000	-	(40,000)	35,000	35,000
Bond premiums	1,804	-	(902)	902	902
Total Local Development Finance Authority	76,804	-	(40,902)	35,902	35,902
Total Component Units	733,747	-	(193,844)	539,903	198,845
Total Reporting Entity	\$ 16,016,626	\$ 201,747	\$ (1,805,431)	\$ 14,412,942	\$ 1,837,115

**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 2.500% to 3.250%, payable semi-annually.	\$ 1,550,000
\$5,000,000 2016 Capital Improvement Bonds dated July 7, 2016, due in annual installments ranging from \$210,000 to \$415,000 through May 1, 2032, with interest ranging from 2.000% to 2.350%, payable semi-annually.	2,260,000
\$3,144,864 2019 Capital Improvement Bonds dated December 19, 2019, due in annual installments ranging from \$170,187 to \$268,464 through November 1, 2034, with interest ranging from 3.000% to 4.000%, payable semi-annually.	2,826,063
Minus bond discount on 2013 Capital Improvement Bonds.	(17,079)
Plus bond premium on 2016 Capital Improvement and Refunding Bonds.	71,289
Plus bond premium on 2019 Capital Improvement Bonds.	<u>227,165</u>
Total general obligation bonds	<u><u>\$ 6,917,438</u></u>

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 \$525,000 to \$545,000 through April 1, 2025, with interest ranging from 2.100% to 2.375%, payable semi-annually.	\$ 1,605,000
\$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 \$185,000 to \$214,062 through April 1, 2030, with interest of 2.500%, payable semi-annually.	1,569,062
\$3,415,136 2019 Capital Improvement Bonds dated December 19, 2019, due in annual installments ranging from \$184,813 to \$291,536 through November 1, 2034, with interest ranging from 3.000% to 4.000%, payable semi-annually.	3,068,937
Plus bond premium on 2014 Water Supply and Sewage Disposal System Refunding Bonds.	63,116
Plus bond premium on 2019 Capital Improvement Bonds.	<u>318,839</u>
Total general obligation bonds	<u><u>\$ 6,624,954</u></u>

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Primary Government (continued)

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 \$330,647 at June 30, 2022. Of this amount, \$255,629 and \$75,018 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.

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 \$165,000 to \$175,000 through May 1, 2025, with interest ranging from 3.800% to 4.000%, payable semi-annually.

\$ 510,000

Minus bond discount on 2010 Downtown Development Bonds.

(5,999)

Total general obligation bonds

\$ 504,001

Local Development Finance Authority

General Obligation Bonds

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

\$ 35,000

Plus bond premium on 2016 Capital Improvement Refunding Bonds.

902

Total general obligation bonds

\$ 35,902

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

Primary Government

Year Ending June 30,	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	563,951	137,612	411,049	98,885
2028-2032	2,954,193	422,419	1,839,869	284,237
2033-2035	1,084,025	50,510	845,975	38,616
	<u>\$ 6,636,063</u>	<u>\$ 1,308,299</u>	<u>\$ 6,242,999</u>	<u>\$ 1,020,316</u>

Component Units

Year Ending June 30,	General Obligation Bonds			
	Downtown		Local Development	
	Development Authority		Finance Authority	
	Principal	Interest	Principal	Interest
2023	\$ 165,000	\$ 20,070	\$ 35,000	\$ 700
2024	170,000	13,800	-	-
2025	175,000	7,000	-	-
	<u>\$ 510,000</u>	<u>\$ 40,870</u>	<u>\$ 35,000</u>	<u>\$ 700</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.

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

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

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.

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

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of the terms with the affected unions.

At the December 31, 2021, 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	4
Active employees	12
	24

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, 2021, were \$255,162.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

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

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Discount rate was lowered from 7.60% to 7.25%.
- Investment rate of return was lowered from 7.35% to 7.00%.

Actuarial Assumptions

The total pension liability in the December 31, 2021, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation rate 2.5%.
- Salary increases 3.00% in the long-term plus merit and longevity.
- Investment rate of return 7.00% net of investment expenses, including inflation.

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120.
- Non-disabled retired plan members and beneficiaries' mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120.
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17 and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120.

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

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

NOTE 7 - RETIREMENT PLANS (continued)

DEFINED BENEFIT PLAN (continued)

Actuarial Assumptions (continued)

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>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.0%	7.0%	4.2%	2.5%	2.7%
Global Fixed Income	20.0%	4.5%	0.9%	2.5%	0.4%
Private Investments	20.0%	9.5%	1.9%	2.5%	1.4%
	<u>100.0%</u>		<u>7.0%</u>		<u>4.5%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. 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)

Change in Total Pension Liability

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date. Changes in the net pension liability during the measurement year were as follows:

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, 2020	\$ 3,789,650	\$ 2,477,323	\$ 1,312,327
Changes for the year			
Service cost	48,553	-	48,553
Interest on total pension liability	279,493	-	279,493
Difference between expected and actual experience	(43,152)	-	(43,152)
Changes in assumptions	138,069	-	138,069
Employer contributions	-	239,784	(239,784)
Employee contributions	-	12,918	(12,918)
Net investment income	-	347,448	(347,448)
Benefit payments, including employee refunds	(272,769)	(272,769)	-
Administrative expense	-	(4,006)	4,006
Net changes	150,194	323,375	(173,181)
Balances as of December 31, 2021	\$ 3,939,844	\$ 2,800,698	\$ 1,139,146

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 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 1,586,691	\$ 1,139,146	\$ 765,696

**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, 2022, the City recognized pension expenses of \$139,921. 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	\$ 134,084	\$ 113,678
Changes in assumptions	266,713	-
Net difference between projected and actual earnings on pension plan investments	-	192,873
Total	<u>\$ 400,797</u>	<u>\$ 306,551</u>

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
2023	\$ 28,122
2024	(26,367)
2025	29,524
2026	(4,310)
2027	27,708
2028 and thereafter	39,569

DEFINED CONTRIBUTION PLAN

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, 2022, were \$208,042, of which \$198,437 and \$9,605 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, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	3
Active employees	<u>22</u>
	<u><u>25</u></u>

Contributions

For the year ended June 30, 2022, the City's only contributions were its portion of premium payments.

Net OPEB Liability (Asset)

The net OPEB liability (asset) of the City was measured as of June 30, 2022, 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, 2022 valuation was determined using the following assumptions applied to all periods included in the measurement:

Discount rate	7.35%.
Long-term expected rate of return	7.35%.
Salary growth rate	2.5%.
Healthcare cost trend rate	4.50%-8.00%.
AA 20-year municipal bond rate	3.4%.
Probability of accepting benefits	66.7%.
Mortality	RP-2015 Healthy Annuitant Table for males and females.

The assumptions used in the June 30, 2022 valuation were determined by the City's management as of June 30, 2022.

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	51.40%	7.00%
Fixed Income	19.90%	4.50%
Money Market	24.50%	9.50%

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, 2022, 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, 2021	\$ 345,676	\$ 941,727	\$ (596,051)
Changes for the year			
Service cost	17,615	-	17,615
Interest on total OPEB liability	24,600	-	24,600
Difference between expected and actual experience	991	-	991
Changes in assumptions	9,756	-	9,756
Employer benefit payments from general operating	-	39,348	(39,348)
Net investment income	-	(77,495)	77,495
Benefit payments	(39,348)	(39,348)	-
Administrative expense	-	(1,689)	1,689
Net changes	13,614	(79,184)	92,798
Balances as of June 30, 2022	\$ 359,290	\$ 862,543	\$ (503,253)

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB asset	\$ (563,080)	\$ (503,253)	\$ (624,664)

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB asset	<u>\$ (625,177)</u>	<u>\$ (503,253)</u>	<u>\$ (563,039)</u>

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

For the year ended June 30, 2022, the City recognized OPEB benefit of \$18,080. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 40,069
Changes in assumptions	8,869	96,943
Differences between expected and actual experience	<u>221,062</u>	<u>-</u>
Total	<u>\$ 229,931</u>	<u>\$ 137,012</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2023	\$ 10,183
2024	12,421
2025	17,528
2026	(12,759)
2027	16,861
2028 and thereafter	48,685

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, 2022:

Surplus at July 1, 2021	\$ 45,125
REVENUES	
Licenses and permits	
Permits	145,455
EXPENDITURES	
Building Department	<u>(141,201)</u>
Cumulative surplus at June 30, 2022	<u><u>\$ 49,379</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, 2022:

PRIMARY GOVERNMENT	
Governmental activities	
Highways and streets	\$ 1,433,339
City parks	55,260
Police/drug enforcement	7,867
Airport development	140,234
Debt service	13,598
Other post-employment benefits	<u>575,902</u>
Total governmental activities	2,226,200
Business-type activities	
Other post-employment benefits	<u>20,270</u>
Total Primary Government	<u><u>\$ 2,246,470</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, 2022.

	General Fund	Major Streets	Local Streets	Municipal Streets	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Prepays	\$ 5,858	\$ -	\$ -	\$ -	\$ -	\$ 5,858
Restricted						
Highways and streets	-	363,527	299,620	770,192	-	1,433,339
City parks	-	-	-	-	55,260	55,260
Police/drug enforcement	-	-	-	-	7,867	7,867
Airport development	-	-	-	-	140,234	140,234
Debt service	-	-	-	-	46,196	46,196
Capital projects	-	-	-	-	240,732	240,732
Assigned						
Subsequent year's expenditures	357,191	-	-	-	-	357,191
Unassigned	<u>1,460,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460,759</u>
TOTAL FUND BALANCES	<u><u>\$ 1,823,808</u></u>	<u><u>\$ 363,527</u></u>	<u><u>\$ 299,620</u></u>	<u><u>\$ 770,192</u></u>	<u><u>\$ 490,289</u></u>	<u><u>\$ 3,747,436</u></u>

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

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which was issued in June 2017. The objective of this Statement is to increase 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The restatement of the beginning of year had no impact on net position. The change to leases receivable and unavailable revenue related to leases is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Leases Receivable</u>	<u>Unavailable Revenue - Leases</u>	<u>Leases Receivable</u>	<u>Unavailable Revenue - Leases</u>
Balances as of July 1, 2021, as previously stated	\$ -	\$ -	\$ -	\$ -
Adoption of GASB Statement No. 87	<u>252,412</u>	<u>252,412</u>	<u>557,962</u>	<u>557,962</u>
Balances as of July 1, 2021, as restated	<u><u>\$ 252,412</u></u>	<u><u>\$ 252,412</u></u>	<u><u>\$ 557,962</u></u>	<u><u>\$ 557,962</u></u>

	<u>Airport Development</u>		<u>Water and Sewer Fund</u>	
	<u>Leases Receivable</u>	<u>Unavailable Revenue - Leases</u>	<u>Leases Receivable</u>	<u>Unavailable Revenue - Leases</u>
Balances as of July 1, 2021, as previously stated	\$ -	\$ -	\$ -	\$ -
Adoption of GASB Statement No. 87	<u>252,412</u>	<u>252,412</u>	<u>557,962</u>	<u>557,962</u>
Balances as of July 1, 2021, as restated	<u><u>\$ 252,412</u></u>	<u><u>\$ 252,412</u></u>	<u><u>\$ 557,962</u></u>	<u><u>\$ 557,962</u></u>

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

CITY OF GRAND LEDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GRAND LEDGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Property taxes	\$ 1,577,478	\$ 1,671,478	\$ 1,697,325	\$ 25,847
Penalties and interest	22,650	22,650	15,994	(6,656)
Administration fees	109,555	133,555	134,108	553
Total taxes	1,709,683	1,827,683	1,847,427	19,744
Licenses and permits	262,039	262,039	156,965	(105,074)
Intergovernmental				
Federal	-	160,000	420,762	260,762
State	953,911	996,911	970,175	(26,736)
Local	73,000	91,000	93,522	2,522
Total intergovernmental	1,026,911	1,247,911	1,484,459	236,548
Charges for services				
Refuse collection	20,000	20,000	26,915	6,915
Cable franchise fee	121,496	121,496	116,976	(4,520)
Other	201,344	215,244	196,743	(18,501)
Total charges for services	342,840	356,740	340,634	(16,106)
Fines and forfeits	12,250	12,250	14,228	1,978
Interest and rents	38,000	38,000	36,904	(1,096)
Other	30,000	69,000	39,912	(29,088)
TOTAL REVENUES	3,421,723	3,813,623	3,920,529	106,906
EXPENDITURES				
Current				
General government				
City council	9,769	9,769	7,760	2,009
Administrator	270,036	286,481	281,588	4,893
Clerk	129,510	129,510	116,359	13,151
Treasurer	267,453	267,453	257,717	9,736
Assessor	168,565	168,565	167,615	950
Election	1,000	4,700	4,486	214
City hall	181,026	442,526	332,452	110,074
Attorney	40,000	40,000	32,855	7,145
Recycling	39,146	39,146	36,595	2,551
Composting	68,502	68,502	49,289	19,213

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (continued)				
Current (continued)				
General government (continued)				
Other	\$ 285,186	\$ 467,186	\$ 396,955	\$ 70,231
Less: reimbursements from other funds	(605,103)	(605,103)	(605,103)	-
Total general government	855,090	1,318,735	1,078,568	240,167
Public safety				
Police administration	1,763,112	1,813,112	1,779,454	33,658
Building inspection	228,459	228,459	133,768	94,691
Total public safety	1,991,571	2,041,571	1,913,222	128,349
Public works				
Cemetery	129,170	147,370	145,110	2,260
Community and economic development				
Planning and zoning	57,311	63,311	61,182	2,129
Capital outlay	224,500	224,500	31,511	192,989
Debt service				
Principal	105,000	105,000	105,000	-
Interest and fiscal charges	48,580	48,580	48,580	-
Total debt service	153,580	153,580	153,580	-
TOTAL EXPENDITURES	3,411,222	3,949,067	3,383,173	565,894
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,501	(135,444)	537,356	672,800
OTHER FINANCING (USES)				
Transfers out	-	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCES	10,501	(165,444)	507,356	672,800
Fund balances, beginning of year	1,316,452	1,316,452	1,316,452	-
Fund balances, end of year	\$ 1,326,953	\$ 1,151,008	\$ 1,823,808	\$ 672,800

**CITY OF GRAND LEDGE
MAJOR STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 658,501	\$ 658,501	\$ 703,320	\$ 44,819
Interest	150	150	720	570
Other	<u>3,500</u>	<u>3,500</u>	<u>9,616</u>	<u>6,116</u>
TOTAL REVENUES	<u>662,151</u>	<u>662,151</u>	<u>713,656</u>	<u>51,505</u>
EXPENDITURES				
Current				
Public works	<u>935,232</u>	<u>710,232</u>	<u>564,776</u>	<u>145,456</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(273,081)	(48,081)	148,880	196,961
OTHER FINANCING (USES)				
Transfers out	<u>-</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(273,081)	(273,081)	(76,120)	196,961
Fund balance, beginning of year	<u>439,647</u>	<u>439,647</u>	<u>439,647</u>	<u>-</u>
Fund balance, end of year	<u>\$ 166,566</u>	<u>\$ 166,566</u>	<u>\$ 363,527</u>	<u>\$ 196,961</u>

**CITY OF GRAND LEDGE
LOCAL STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 244,376	\$ 244,376	\$ 258,116	\$ 13,740
Interest	1,000	1,000	870	(130)
Other	<u>5,000</u>	<u>5,000</u>	<u>7,637</u>	<u>2,637</u>
TOTAL REVENUES	<u>250,376</u>	<u>250,376</u>	<u>266,623</u>	<u>16,247</u>
EXPENDITURES				
Current				
Public works	<u>776,333</u>	<u>1,012,158</u>	<u>894,527</u>	<u>117,631</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(525,957)	(761,782)	(627,904)	133,878
OTHER FINANCING SOURCES				
Transfers in	<u>200,000</u>	<u>425,000</u>	<u>425,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(325,957)	(336,782)	(202,904)	133,878
Fund balance, beginning of year	<u>502,524</u>	<u>502,524</u>	<u>502,524</u>	<u>-</u>
Fund balance, end of year	<u>\$ 176,567</u>	<u>\$ 165,742</u>	<u>\$ 299,620</u>	<u>\$ 133,878</u>

**CITY OF GRAND LEDGE
MUNICIPAL STREETS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 768,736	\$ 788,736	\$ 827,385	\$ 38,649
Special assessments	8,973	8,973	7,060	(1,913)
Intergovernmental	-	208,369	408,369	200,000
Interest	600	600	1,172	572
Other	2,000	2,000	-	(2,000)
	<u>780,309</u>	<u>1,008,678</u>	<u>1,243,986</u>	<u>235,308</u>
EXPENDITURES				
Current				
Public works	<u>427,137</u>	<u>456,637</u>	<u>453,204</u>	<u>3,433</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>353,172</u>	<u>552,041</u>	<u>790,782</u>	<u>238,741</u>
OTHER FINANCING (USES)				
Transfers out	<u>(489,325)</u>	<u>(489,325)</u>	<u>(489,325)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(136,153)	62,716	301,457	238,741
Fund balance, beginning of year	<u>468,735</u>	<u>468,735</u>	<u>468,735</u>	<u>-</u>
Fund balance, end of year	<u>\$ 332,582</u>	<u>\$ 531,451</u>	<u>\$ 770,192</u>	<u>\$ 238,741</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 48,553	\$ 46,524	\$ 36,497	\$ 39,159	\$ 41,618	\$ 40,439	\$ 43,614	\$ 46,794
Interest on total pension liability	279,493	266,620	251,186	263,485	252,280	242,190	227,146	218,700
Difference between expected and actual experience	(43,152)	7,920	230,024	(227,764)	34,819	22,281	38,397	-
Changes of assumptions	138,069	118,817	113,584	-	-	-	141,091	-
Benefit payments, including employee refunds	(272,769)	(270,258)	(265,680)	(188,916)	(185,899)	(172,872)	(176,252)	(146,817)
Other	-	-	-	1	-	-	-	-
Net change in total pension liability	150,194	169,623	365,611	(114,035)	142,818	132,038	273,996	118,677
Total pension liability, beginning	3,789,650	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>\$ 3,939,844</u>	<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	\$ 239,784	\$ 193,968	\$ 197,652	\$ 183,204	\$ 181,202	\$ 183,631	\$ 75,653	\$ 69,726
Contributions-employee	12,918	12,146	12,748	20,505	21,189	26,800	34,472	36,699
Net Investment income	347,448	286,297	275,652	(86,526)	249,037	192,400	(24,979)	104,984
Benefit payments including employee refunds	(272,769)	(270,258)	(265,680)	(188,916)	(185,899)	(172,872)	(176,252)	(146,817)
Administrative expense	(4,006)	(4,525)	(4,755)	(4,137)	(3,922)	(3,776)	(3,725)	(3,854)
Net change in plan fiduciary net position	323,375	217,628	215,617	(75,870)	261,607	226,183	(94,831)	60,738
Plan fiduciary net position, beginning	2,477,323	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>\$ 2,800,698</u>	<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	\$ 1,139,146	\$ 1,312,327	\$ 1,360,332	\$ 1,210,338	\$ 1,248,503	\$ 1,367,292	\$ 1,461,437	\$ 1,092,610
Plan fiduciary net position as a percentage of the total pension liability	71%	65%	62%	63%	63%	58%	53%	61%
Covered employee payroll	\$ 673,536	\$ 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	169%	170%	235%	212%	228%	266%	306%	237%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 170,196	\$ 128,676	\$ 197,652	\$ 174,025	\$ 174,276	\$ 90,446	\$ 75,653	\$ 69,726
Contributions in relation to the actuarially determined contribution	<u>255,162</u>	<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>\$ (84,966)</u>	<u>\$ (65,292)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,452)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 687,902	\$ 674,207	\$ 621,950	\$ 588,402	\$ 566,013	\$ 512,333	\$ 543,715	\$ 461,142
Contributions as a percentage of covered employee payroll	37.1%	29%	32%	30%	31%	29%	14%	15%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 17,615	\$ 17,645	\$ 18,374	\$ 28,347	\$ 15,974
Interest on total OPEB liability	24,600	23,668	23,466	18,018	15,329
Difference between expected and actual experience	991	(20,997)	49,097	242,241	-
Changes of assumptions	9,756	27,287	(105,930)	-	-
Benefit payments	<u>(39,348)</u>	<u>(63,311)</u>	<u>(86,226)</u>	<u>(88,654)</u>	<u>(31,563)</u>
Net change in total pension liability	13,614	(15,708)	(101,219)	199,952	(260)
Total OPEB liability, beginning	<u>345,676</u>	<u>361,384</u>	<u>462,603</u>	<u>262,651</u>	<u>262,911</u>
Total OPEB liability, ending	<u><u>\$ 359,290</u></u>	<u><u>\$ 345,676</u></u>	<u><u>\$ 361,384</u></u>	<u><u>\$ 462,603</u></u>	<u><u>\$ 262,651</u></u>
Plan fiduciary net position					
Contributions-employer	\$ 39,348	\$ 138,311	\$ 236,226	\$ 238,654	\$ 181,563
Net Investment income	(77,495)	205,193	14,323	13,101	22,745
Benefit payments	(39,348)	(63,311)	(86,226)	(88,654)	(31,563)
Administrative expense	<u>(1,689)</u>	<u>(1,515)</u>	<u>(1,167)</u>	<u>(989)</u>	<u>(762)</u>
Net change in plan fiduciary net position	(79,184)	278,678	163,156	162,112	171,983
Plan fiduciary net position, beginning	<u>941,727</u>	<u>663,049</u>	<u>499,893</u>	<u>337,781</u>	<u>165,798</u>
Plan fiduciary net position, ending	<u><u>\$ 862,543</u></u>	<u><u>\$ 941,727</u></u>	<u><u>\$ 663,049</u></u>	<u><u>\$ 499,893</u></u>	<u><u>\$ 337,781</u></u>
City's net OPEB liability (asset)	\$ (503,253)	\$ (596,051)	\$ (301,665)	\$ (37,290)	\$ (75,130)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	240%	272%	183%	108%	129%
Covered employee payroll	\$ 1,381,926	\$ 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	(36%)	(45%)	(21%)	(3%)	(3%)

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

	<u>2022</u>	<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>39,348</u>	<u>75,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Contribution deficiency (excess)	<u><u>\$ (39,348)</u></u>	<u><u>\$ (57,355)</u></u>	<u><u>\$ (131,626)</u></u>	<u><u>\$ (121,653)</u></u>	<u><u>\$ (134,408)</u></u>
Covered employee payroll	\$ 1,381,926	\$ 1,311,835	\$ 1,403,746	\$ 1,453,156	\$ 2,211,123
Contributions as a percentage of covered employee payroll	3%	6%	11%	10%	7%

CITY OF GRAND LEDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - DEFINED BENEFIT PENSION PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2021.

Measurement date: December 31, 2021.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level percentage of pay.
Asset valuation method	5 year smoothing.
Remaining amortization period	17 years.
Investment rate of return	7.00% (net of investment expenses, including inflation).
Discount rate	7.25%.
Salary increases	3.00% in the long-term plus merit and longevity.
Inflation rate	2.50%.
Mortality	Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120; Non-disabled retired plan members and beneficiaries' mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120; Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17 and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120.

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

Changes in Assumptions: Discount rate was lowered from 7.60% to 7.25%.
Investment rate of return was lowered from 7.35% to 7.00%.

CITY OF GRAND LEDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial valuation information relative to the determination of contributions:

Valuation date: June 30, 2022.

Measurement date: June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level percentage of pay.
Remaining amortization period	11 years.
Discount rate	7.35%.
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	3.40%.
Probability of accepting benefits	66.67%
Inflation rate	2.50%.
Mortality	RP-2015 Healthy Annuitant Table for males and females.
Changes of Benefits Terms :	There were no changes of benefit terms in plan year 2021.
Changes in Assumptions:	Discount rate was lowered from 7.60% to 7.35%. AA 20-year municipal bond rate was raised from 1.35% to 3.40%.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF GRAND LEDGE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special		
	Parks and Recreation	Drug Forfeiture	Police Restricted
ASSETS			
Cash and cash equivalents	\$ 80,023	\$ 4,230	\$ 3,775
Leases receivable	-	-	-
Taxes receivable	381	-	-
TOTAL ASSETS	\$ 80,404	\$ 4,230	\$ 3,775
LIABILITIES			
Accounts payable	\$ 21,885	\$ 138	\$ -
Accrued liabilities	2,878	-	-
TOTAL LIABILITIES	24,763	138	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - leases	-	-	-
Unavailable revenue - delinquent personnel property	381	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	381	-	-
FUND BALANCES			
Restricted	55,260	4,092	3,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 80,404	\$ 4,230	\$ 3,775

Revenue	Debt Service			Capital Projects		Total Nonmajor Governmental Funds
Airport Development	Island Bridge	2016 Bonds	2019 Bonds	Bond Capital Improvements	Capital Improvement	
\$ 145,167	\$ -	\$ 39,519	\$ 6,677	\$ -	\$ 240,732	\$ 520,123
233,258	-	-	-	-	-	233,258
-	-	-	-	-	-	381
<u>\$ 378,425</u>	<u>\$ -</u>	<u>\$ 39,519</u>	<u>\$ 6,677</u>	<u>\$ -</u>	<u>\$ 240,732</u>	<u>\$ 753,762</u>
\$ 4,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,245
6,798	-	-	-	-	-	9,676
<u>11,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,921</u>
227,171	-	-	-	-	-	227,171
-	-	-	-	-	-	381
<u>227,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,552</u>
140,234	-	39,519	6,677	-	240,732	490,289
<u>\$ 378,425</u>	<u>\$ -</u>	<u>\$ 39,519</u>	<u>\$ 6,677</u>	<u>\$ -</u>	<u>\$ 240,732</u>	<u>\$ 753,762</u>

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

	Special		
	Parks and Recreation	Drug Forfeiture	Police Restricted
REVENUES			
Taxes	\$ 178,430	\$ -	\$ -
Intergovernmental	-	-	2,018
Interest and rents	3,917	9	5
Other	22,199	-	-
TOTAL REVENUES	204,546	9	2,023
EXPENDITURES			
Current			
Public safety	-	1,874	275
Public works	-	-	-
Recreation and culture	200,773	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	200,773	1,874	275
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,773	(1,865)	1,748
OTHER FINANCING SOURCES (USES)			
Transfers in	32,500	-	-
Transfers out	(27,759)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	4,741	-	-
NET CHANGE IN FUND BALANCES	8,514	(1,865)	1,748
Fund balances, beginning of year	46,746	5,957	2,027
Fund balances, end of year	\$ 55,260	\$ 4,092	\$ 3,775

Revenue	Debt Service			Capital Projects		Total Nonmajor Governmental Funds
Airport Development	Island Bridge	2016 Bonds	2019 Bonds	Bond Capital Improvements	Capital Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,430
13,000	-	172,716	-	-	-	187,734
90,311	22	233	225	-	421	95,143
4,000	-	-	-	-	32,797	58,996
<u>107,311</u>	<u>22</u>	<u>172,949</u>	<u>225</u>	<u>-</u>	<u>33,218</u>	<u>520,303</u>
-	-	-	-	-	-	2,149
82,993	-	-	-	-	-	82,993
-	-	-	-	-	-	200,773
-	-	-	-	716	-	716
-	30,000	205,000	123,420	-	-	358,420
-	600	51,955	226,850	-	-	279,405
<u>82,993</u>	<u>30,600</u>	<u>256,955</u>	<u>350,270</u>	<u>716</u>	<u>-</u>	<u>924,456</u>
<u>24,318</u>	<u>(30,578)</u>	<u>(84,006)</u>	<u>(350,045)</u>	<u>(716)</u>	<u>33,218</u>	<u>(404,153)</u>
-	27,759	83,740	349,770	-	-	493,769
-	-	-	-	-	-	(27,759)
<u>-</u>	<u>27,759</u>	<u>83,740</u>	<u>349,770</u>	<u>-</u>	<u>-</u>	<u>466,010</u>
24,318	(2,819)	(266)	(275)	(716)	33,218	61,857
<u>115,916</u>	<u>2,819</u>	<u>39,785</u>	<u>6,952</u>	<u>716</u>	<u>207,514</u>	<u>428,432</u>
<u>\$ 140,234</u>	<u>\$ -</u>	<u>\$ 39,519</u>	<u>\$ 6,677</u>	<u>\$ -</u>	<u>\$ 240,732</u>	<u>\$ 490,289</u>

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	<u>Equipment Operating</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 342,419	\$ 171,110	\$ 513,529
Accounts receivable	22,642	-	22,642
Prepays	-	57,067	57,067
	<u>365,061</u>	<u>228,177</u>	<u>593,238</u>
Noncurrent assets			
Capital assets not being depreciated	13,602	-	13,602
Capital assets, net of accumulated depreciation	1,196,243	-	1,196,243
	<u>1,209,845</u>	<u>-</u>	<u>1,209,845</u>
TOTAL ASSETS	<u>1,574,906</u>	<u>228,177</u>	<u>1,803,083</u>
LIABILITIES			
Current liabilities			
Accounts payable	12,669	-	12,669
Accrued liabilities	3,306	17,773	21,079
Accrued interest payable	4,121	-	4,121
Current portion of compensated absences	278	-	278
Current portion of long-term debt	41,322	-	41,322
	<u>61,696</u>	<u>17,773</u>	<u>79,469</u>
Noncurrent liabilities			
Noncurrent portion of long-term debt	716,145	-	716,145
	<u>777,841</u>	<u>17,773</u>	<u>795,614</u>
NET POSITION			
Net investment in capital assets	452,378	-	452,378
Unrestricted	344,687	210,404	555,091
	<u>\$ 797,065</u>	<u>\$ 210,404</u>	<u>\$ 1,007,469</u>

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

	Equipment Operating	Employee Benefits	Total
OPERATING REVENUES			
Internal operations	\$ 511,943	\$ 1,142,827	\$ 1,654,770
OPERATING EXPENSES			
Personnel	91,271	1,041,121	1,132,392
Repair and maintenance	106,966	-	106,966
Utilities	7,254	-	7,254
Other	42,313	-	42,313
Depreciation	107,772	-	107,772
TOTAL OPERATING EXPENSES	355,576	1,041,121	1,396,697
OPERATING INCOME	156,367	101,706	258,073
NONOPERATING REVENUES (EXPENSES)			
Investment income	681	11	692
Gain on sale of capital assets	56,813	-	56,813
Amortization	5,780	-	5,780
Interest expense and fees	(26,078)	-	(26,078)
TOTAL NONOPERATING REVENUES (EXPENSES)	37,196	11	37,207
EXCESS OF REVENUES OVER EXPENDITURES	193,563	101,717	295,280
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	-	25,000
Transfers out	(26,347)	-	(26,347)
TOTAL OTHER FINANCING SOURCES (USES)	(1,347)	-	(1,347)
CHANGE IN NET POSITION	192,216	101,717	293,933
Net position, beginning of year	604,849	108,687	713,536
Net position, end of year	\$ 797,065	\$ 210,404	\$ 1,007,469

**CITY OF GRAND LEDGE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Equipment Operating	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 496,614	\$ 1,142,827	\$ 1,639,441
Cash paid to suppliers/claimants	(182,677)	(1,045,872)	(1,228,549)
Cash paid to employees	(61,706)	-	(61,706)
	<u>252,231</u>	<u>96,955</u>	<u>349,186</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of interfund balances	(1,347)	-	(1,347)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(185,986)	-	(185,986)
Sale of capital assets	73,529	-	73,529
Payments on borrowing	(39,576)	-	(39,576)
Interest expense and fees	(26,348)	-	(26,348)
	<u>(178,381)</u>	<u>-</u>	<u>(178,381)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	681	11	692
	<u>681</u>	<u>11</u>	<u>692</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,184	96,966	170,150
Cash and cash equivalents, beginning of year	269,235	74,144	343,379
Cash and cash equivalents, end of year	<u>\$ 342,419</u>	<u>\$ 171,110</u>	<u>\$ 513,529</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 156,367	\$ 101,706	\$ 258,073
Adjustment to reconcile operating income to net cash provided by operating activities			
Depreciation	107,772	-	107,772
(Increase) in:			
Accounts receivable	(15,329)	-	(15,329)
Prepays	-	(15,040)	(15,040)
Increase (decrease) in:			
Accounts payable	4,027	-	4,027
Accrued liabilities	(243)	10,289	10,046
Compensated absences	(363)	-	(363)
	<u>(363)</u>	<u>-</u>	<u>(363)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 252,231</u>	<u>\$ 96,955</u>	<u>\$ 349,186</u>

**CITY OF GRAND LEDGE
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Miscellaneous Tax Collection	Current Tax Collection	Total
ASSETS			
Cash	\$ 3,587	\$ -	\$ 3,587
LIABILITIES			
Due to individuals and agencies	3,587	-	3,587
NET POSITION	\$ -	\$ -	\$ -

**CITY OF GRAND LEDGE
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Miscellaneous Tax Collection	Current Tax Collection	Total
ADDITIONS			
Property tax collection for other governmental units	\$ 50,923	\$ 9,621,585	\$ 9,672,508
DEDUCTIONS			
Property tax distributions to other governmental units	50,923	9,621,585	9,672,508
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, 2022**

	General Operating	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 319,291	\$ 19,081	\$ 32,545	\$ 370,917
LIABILITIES				
Accounts payable	\$ 8,680	\$ -	\$ 781	\$ 9,461
Accrued liabilities	2,209	-	1,004	3,213
TOTAL LIABILITIES	10,889	-	1,785	12,674
FUND BALANCES				
Restricted	-	19,081	30,760	49,841
Unassigned	308,402	-	-	308,402
TOTAL FUND BALANCE	308,402	19,081	30,760	358,243
TOTAL LIABILITIES AND FUND BALANCES	\$ 319,291	\$ 19,081	\$ 32,545	\$ 370,917

**CITY OF GRAND LEDGE
COMPONENT UNIT FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT ON NET POSITION -
DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2022**

Total Fund Balances - Governmental Funds \$ 358,243

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	\$ 4,052,260	
Accumulated depreciation is	<u>(2,086,593)</u>	
Capital assets, net		1,965,667

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	(510,000)	
Capitalized bond discounts	5,999	
Accrued interest payable	<u>(3,345)</u>	
		<u>(507,346)</u>

Net Position of Governmental Activities \$ 1,816,564

**CITY OF GRAND LEDGE
COMPONENT UNIT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED JUNE 30, 2022**

	General Operating	Debt Service	Capital Project	Total
REVENUES				
Taxes	\$ 1,124,716	\$ -	\$ -	\$ 1,124,716
Intergovernmental	93,654	-	-	93,654
Interest and rents	758	151	156	1,065
Other	2,764	-	-	2,764
TOTAL REVENUES	1,221,892	151	156	1,222,199
EXPENDITURES				
Current				
Community and economic development	540,824	172,716	455,556	1,169,096
Capital outlay	-	-	104,170	104,170
Debt service				
Principal	-	155,000	-	155,000
Interest and fiscal charges	-	25,939	-	25,939
TOTAL EXPENDITURES	540,824	353,655	559,726	1,454,205
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	681,068	(353,504)	(559,570)	(232,006)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	353,906	435,000	788,906
Transfers out	(788,906)	-	-	(788,906)
TOTAL OTHER FINANCING SOURCES (USES)	(788,906)	353,906	435,000	-
NET CHANGE IN FUND BALANCES	(107,838)	402	(124,570)	(232,006)
Fund balances, beginning of year	416,240	18,679	155,330	590,249
Fund balances, end of year	<u>\$ 308,402</u>	<u>\$ 19,081</u>	<u>\$ 30,760</u>	<u>\$ 358,243</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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ (232,006)

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	\$	18,010	
Depreciation expense		<u>(143,969)</u>	
Excess of depreciation expense over capital outlay			(125,959)

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	155,000		
(Decrease) in capitalized bond discounts		<u>(2,058)</u>	
			152,942

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>936</u>	
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Change in Net Position of Governmental Activities \$ (204,087)

**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 BALANCE SHEET -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 JUNE 30, 2022**

	<u>General Operating</u>
ASSETS	
Cash and cash equivalents	<u>\$ 24,436</u>
LIABILITIES	
Accounts payable	<u>\$ 630</u>
FUND BALANCE	
Unassigned	<u>23,806</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 24,436</u></u>

**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, 2022**

Total Fund Balance - Governmental Fund	\$ 23,806
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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
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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	800
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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	\$	(35,000)	
Capitalized bond premiums		(902)	
Accrued interest payable		<u>(117)</u>	
			<u>(36,019)</u>

Net Position of Governmental Activities	<u>\$ 2,392,359</u>
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**CITY OF GRAND LEDGE
 COMPONENT UNIT FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 LOCAL DEVELOPMENT FINANCE AUTHORITY
 YEAR ENDED JUNE 30, 2022**

	<u>General Operating</u>
REVENUES	
Taxes	\$ 47,259
Interest	<u>80</u>
TOTAL REVENUES	<u>47,339</u>
EXPENDITURES	
Current	
Community and economic development	58,075
Debt service	
Principal	40,000
Interest and fiscal charges	<u>1,500</u>
TOTAL EXPENDITURES	<u>99,575</u>
NET CHANGE IN FUND BALANCE	(52,236)
Fund balance, beginning of year	<u>76,042</u>
Fund balance, end of year	<u><u>\$ 23,806</u></u>

CITY OF GRAND LEDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - LOCAL DEVELOPMENT FINANCE AUTHORITY
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balance - Total Governmental Fund \$ (52,236)

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

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	\$	40,000	
Decrease in capitalized bond premiums		<u>902</u>	
			40,902

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	(801)
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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>133</u>
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Change in Net Position of Governmental Activities \$ (12,002)