



CITY OF BIG RAPIDS, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by Finance Department

CITY OF BIG RAPIDS, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Prepared by: Finance Department

Aaron Kuhn- Treasurer

Carla Staffen- Assistant Treasurer

Tom Paul- Income Tax Administrator

Gail Dolbee- Assessor

Melissa Hauger- Human Resources Coordinator

Ashley Dunkel- Finance/Purchasing Clerk

Karen Manoski- Finance/Utility Clerk

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Becky Curtis- Administrative Assistant

Paula Weipert- Administrative Assistant

CITY OF BIG RAPIDS

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INTRODUCTORY SECTION



CITY OF BIG RAPIDS

226 North Michigan Avenue
Big Rapids, MI 49307

December 30, 2020

Members of the City Commission and Citizens of the City of Big Rapids:

The Comprehensive Annual Financial Report of the City of Big Rapids, Michigan, for fiscal year ended June 30, 2020, is submitted herewith. The financial statements included in this report have been audited by Vredeveld & Haefner LLC, an independent firm of certified public accountants. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable State statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the City.

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

www.cityofbr.org

REPORTING ENTITY AND ITS SERVICES

The City of Big Rapids is located 55 miles north of Grand Rapids, 40 miles south of Cadillac on U.S.-131. This route provides significant access and economic benefit to the area carrying, commerce and tourist traffic to both north and south portions of west Michigan. Big Rapids is the county seat of Mecosta County and is the regional center of the area.

Ferris State University is the largest employer in the area and is the economic engine for Big Rapids. Approximately 4,600 people work at the University and the 2019 enrollment is over 12,400 students. Big Rapids also has a very active industrial park that accommodates businesses such as: Haworth, Big Rapids Products, Fluid Routing Solutions, Federal Screw Works and Original Footwear. Spectrum Health Big Rapids provides a broad range of healthcare services to the area and is a vital component of the local economy.

The City's legislative body is a five-member Board of Commissioners which is elected by a vote of the public. The current City Commission is Mayor Thomas Hogenson, Commissioners Robert Andrews, Jennifer Cochran, Jonathan Eppley, and Lorraine James.

The City has 86 full-time employees and 57 part-time employees. The City provides a wide range of services including, police, fire, water treatment, wastewater treatment, dial-a-ride, parks, library, airport, community pool, street maintenance, planning and zoning, and IT. The City has a talented work force that is dedicated to the best interest of its citizens.

The department staff includes the following:

Mark Gifford – City Manager	Aaron Kuhn – Finance
Steve Schroeder – Fire Chief	Eric Williams - Attorney
Danielle Haynes – Police Chief	Tammy Gillis – Clerk
Tim Moslener – Technology	Paula Priebe – Neighborhood Services
Lauren Moran – Library	Melissa Hauger – Human Resources
Heather Bowman – Public Works Director	

The City is led by the administrative branch as approved by the Commission. This leadership is guided by a series of citizen committees. Most important in this process, these committees represent a cross section of the residents who serve without pay to recommend policy and make decisions and guide progress. Planning Board, Park Board, Tax Board of Review, and Board of Adjustment comprise the most active of these public boards.

ECONOMIC CONDITIONS AND OUTLOOK

Our local economy is comprised of a healthy mixture of manufacturing, recreation, retail, education, and professional services including major health care providers and a large state university. The manufacturing and education sectors continue to provide significant employment opportunities and are critical components of our overall local economic condition. Additionally, local recreation opportunities are vast. There are more than 323

acres of park land within the City, many of which are along the beautiful Muskegon River. Park amenities include Riverwalk, Playscape, Disc Golf, Tennis Courts, Pickle Ball Courts, Softball Diamonds, Soccer Fields, Baseball Diamonds, Bandshell, Dog Park, Nature Area, Community Pool, Volleyball Courts, Playgrounds, Outdoor Ice Rink and access to the Fred Meijer White Pine Trail.

Big Rapids is home to Ferris State University and its approximate 12,400 students. The University is the economic engine for the community. Ferris State continues to update its educational facilities aggressively. The University recently finished a complete overhaul of the Swan Building which houses the welding program at a cost of \$30 million. Recently completed is the \$28 million North Hall, a freshman only dorm that is the first new residence hall on campus since the 1960s. Also completed is the \$7 million addition to the Student Rec Center.

The State's 2015-16 budget changed the nature of the revenue stream of a portion of the State Shared Revenue (sales tax) distribution to local units of government for City, Village and Township Revenue Sharing (CVTRS). The portion of the sales tax that was distributed to local units of government as part of the statutory process and driven by a formula was drastically changed in 2011. To receive CVTRS, the City must demonstrate compliance with the State's requirements for accountability and transparency. These requirements consist of five categories of reporting. The City has met all five categories.

In December 2012, the Legislature approved laws to eliminate portions of the personal property tax in 2014 and identified mechanisms for partial revenue replacement. In 2014, the Legislature passed bills to replace local property tax revenue lost with the elimination of personal property taxes. In 2016, the phase-in of exemption of eligible manufacturing personal property began. The Legislature has created a state-wide essential services tax on this property that will be paid to local units of government to replace the tax lost that would have been used for police, fire and ambulance service.

During 2015, the Legislature approved supplemental funding for the State's failing road infrastructure. According to projections provided by the State, it is anticipated that the City will receive an additional \$1.44 million over the five years beginning in State fiscal year 2017. The additional State funding is expected to be \$159,000 per year in 2017 increasing to \$455,000 per year in 2021. These funds will be used to repair major and local streets within the City.

The City acquired Hanchett Manufacturing in 2013, as part of the Baldwin Street Bridge replacement project. Aided by the EDA and a county grant, the 100-year-old manufacturing building was torn down, guided by the findings of environmental reviews. As the manufacturing location was just over 5 acres, the future plan is to sell the property, strategically located with a dramatic view of the Muskegon River, for private redevelopment. The expected tax value of this change should rise from a building of \$500,000 to over \$5,000,000 in value.

In 2015, the Housing Commission purchased a financially challenged undeveloped plat, Brookside Estates, and is in the stages of building homes using a 'public/private' approach

for development. They have also acquired acreage on the east side of town on Mechanic Street and are working on another affordable project on this land. Several other smaller 'surplus' parcels are owned by the City which are being reviewed by the Planning and Housing Commissions for development.

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

In balance, Big Rapids appears to be on solid financial footing and its outlook appears very positive for the next several years. Continued forward planning and Commission support and conservatism will be important in the decision-making process. With measured spending, aggressive innovation, grant opportunities and hard work, Big Rapids will continue to be an oasis and model for west central Michigan.

MAJOR INITIATIVES

The City of Big Rapids Commission has begun several initiatives to enhance the quality of life and maximize the effectiveness of government in the City. The following is a listing and description of the major projects and goals.

1. Roben Hood Airport

The Federally funded airport gets \$150,000 per year to maintain and upgrade the facility. Management of the Airport has transitioned from a contract with a Fixed Base Operator (FBO) to being managed by municipal employees. Recently, the entire runway was resurfaced with the entitlement funds described above. Additionally, the City is currently undertaking an effort to extend the runway from its current length of 4,300 feet to 5,000 ft which would promote increased operations from larger aircraft at the facility.

2. Wastewater Treatment Plant

The City contracts with Big Rapids and Green Townships to provide wastewater treatment services to the area. The City's wastewater staff is extremely knowledgeable and works hard to insure the processes are running efficiently.

3. Technology

The City's IT department partners and provides service to Mecosta County, Road Commission, County Park system and Housing Commission among others. In addition, the City provides its own forensic investigation services and assists other nearby agencies in investigation of their cases and helping to keep their Police operations up to date.

4. Streets and Alleys

The City Commission dedicates one mil of property tax exclusively to asphalt paving. These funds coupled with funding from the State ensures a paving program that addresses the needs of the community. Roads and alleys are systematically evaluated every year through the capital improvement process to determine where investment will be most effective.

5. Downtown

Big Rapids is very proud of its Historic Downtown. An active Downtown Business Association and Downtown Development Authority work every year to plan activities and improvements to the Downtown.

6. Housing

The Big Rapids Housing Commission services the community by providing quality housing opportunities to individuals and families. The City and the Housing Commission partner together on a variety of projects, most recently a single-family development on Woodward Avenue.

7. Parks

The City has a park system that has amenities to offer everyone. Sports fields, pavilions, Riverwalk, bandshell, public art, dog park, nature areas, river access points, playscape, community gardens and tennis courts are just some of the amenities that people can enjoy within the City's park system. There is currently a citizen led initiative to raise funding for improvements to Hemlock Park including the addition of a splash pad, basketball courts, pickleball courts, kayak launch, and resurfacing of tennis courts.

8. Depot

An historic depot sits on the east side of town along the White Pines Trail. For many years the City has tried to find a way to renovate and preserve this wonderful building. A new initiative is underway to obtain ownership of the facility from the State. The City is presently contemplating the purchase and redevelopment of the property.

9. Redevelopment

The City purchased Hanchett Manufacturing in order to make the Baldwin Street Bridge project a safer and more effective bridge. Hanchett's sits on 4 acres of river front property that has been rezoned and will be developed over time.

10. Pool

The Fairman Pool is a great amenity for the community. The pool is open June – August and provides a wonderful swimming lesson program but was closed for the 2020 season due to the COVID-19 pandemic. The facility is aging and requires annual maintenance to continue to operate.



CITY OF BIG RAPIDS
226 North Michigan Avenue
Big Rapids, MI 49307

DEPARTMENTAL FOCUS
Treasurer's Office

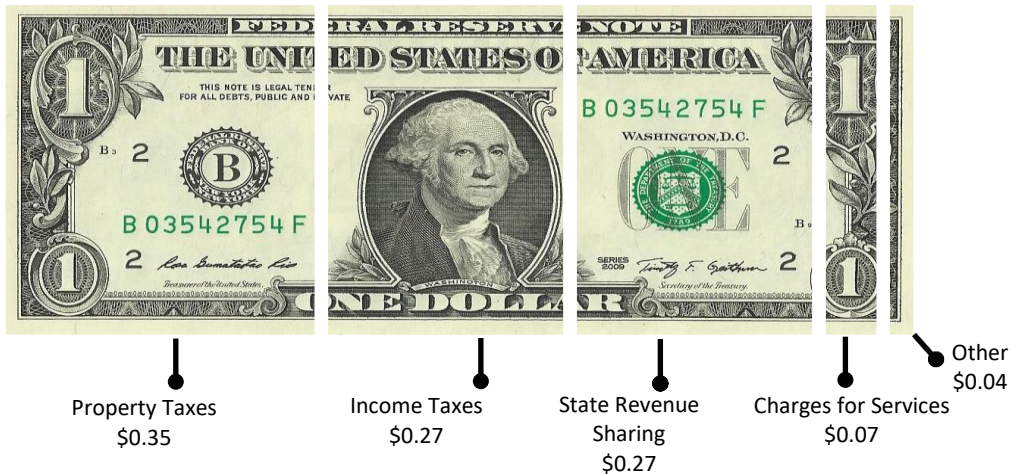


The Treasurer's Office is comprised of four service departments including Assessing, Income Tax, Finance, and Human Resources. There is a total of nine full-time employees and one part-time employee. Each department plays an integral part in the continued growth and success of the City.

The Finance Department is responsible for oversight of all City monetary transactions. Funds flowing through the City are closely monitored through a centralized accounting system administered by Finance. Last fiscal year there were 17,127 deposits received totaling \$25,475,582. The City began accepting credit cards online and onsite in December 2013. During the fiscal year ended June 30, 2020, a total of \$835,843 in credit card payments were received.

The General Fund's portion of total revenues collected during FY 2019/2020 was \$8,744,937. Excluding revenue from other financing sources, every dollar spent in the General Fund was generated by the amounts shown in Figure 1 below.

Figure 1. General Fund Revenue Sources

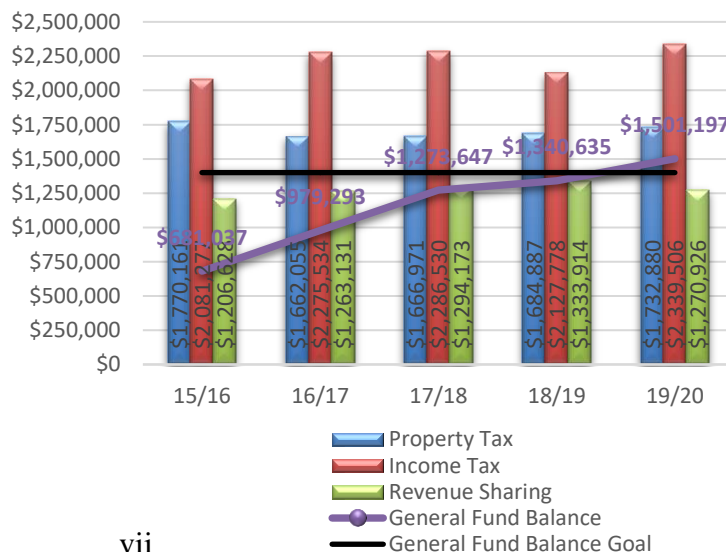


Property taxes, income taxes, and state revenue sharing made up 89% of total General Fund revenue. Figure 2 depicts these primary revenue sources (the amount shown for property tax excludes Public Safety voted millage), as well as the General Fund's unassigned fund balance over the past five fiscal years. During this period, the three primary revenue sources have collectively increased by 3.8%.

The black line in the chart represents the fund balance goal for the General Fund. The recommended fund balance level is two months of operating expenses or approximately \$1,400,000.

Property taxes are the largest source of revenue for the

Figure 2. General Fund Primary Revenue Sources



City. During FY 2019/2020, total property taxes collected were generated from the following uses:

- Residential 46%
- Commercial 36%
- Personal 10%
- Industrial 8%

Real property made up 90% and personal property 10% of total taxes received. The top 10 taxpayers made up 18.4% of the City's overall taxable value. However approximately 60% of the property within city limits remains tax exempt. Figure 3 below, shows the top taxpayers and the proportion of the tax base they comprise.

Figure 3. Principal Property Tax Payers

Taxpayer	Taxable Value	Percentage of Total City Taxable Value
HAWORTH INC	6,080,410	3.89%
CONSUMERS ENERGY	4,937,324	3.16%
GEN 3 INVESTMENTS LLC	3,866,177	2.47%
ALEA PROPERTIES LLC	2,456,934	1.57%
DTE GAS COMPANY	2,392,060	1.53%
CAMPUS VILLAGE RAPIDS LLC	2,038,092	1.30%
FEDERAL SCREW WORKS	2,001,300	1.28%
HILLCREST OAKWOOD PROPERTY LLC	1,982,919	1.27%
BIG RAPIDS HOTEL GROUP LLC	1,595,872	1.02%
BIG RAPIDS PRODUCTS	1,483,991	0.95%

Property tax revenue has remained static over the past five fiscal years. During that time, the City's operating millage has increased a little less than a mill from 10.7334 in FY 2012/2013 to 11.2334 in FY 2019/2020. The 0.5000 mill increase from FY 2012/2013 to FY 2013/2014 was and continues to be dedicated to paving City streets. The City also devoted another 0.5000 mill from its operating millage to ensure that 1 mill of streets are being paved annually.

Levied July 1	City Operating	Public Safety Retirement	Public Safety Building	Library	Total City Millage Rate
2015	11.2334	4.2239	2.4994	1.0000	18.9567
2016	11.2334	4.5300	2.7412	1.0000	19.5046
2017	11.2334	4.8290	2.8304	1.0000	19.8928
2018	11.2334	4.8041	2.9043	1.0000	19.9418
2019	11.2334	4.6855	2.9321	1.0000	19.8510

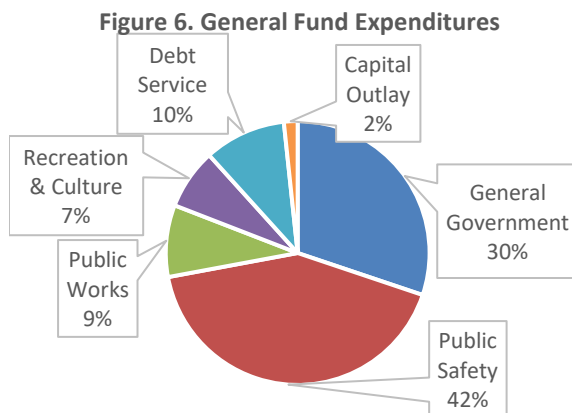
Income tax is the only one of the three major revenue sources to experience any substantial increase over the past five years. State Revenue Sharing has seen a modest increase over the past couple fiscal years. Even with this increase, the City has lost out on

a cumulative total of **\$8,650,774** in revenue sharing since 2002. With the recently enacted road funding legislation, the City has experienced moderate increases in Act 51 street funding.

Despite this loss of revenue, the City continues to meet the needs of the community. Approximately \$1.15 million was invested in the street paving program over the 2020 fiscal year. The Treasurer's Office processed 2,810 disbursements for a total of \$17,050,637.

General Fund expenditures for FY 2019/2020 were \$8,990,031 not including transfers to other funds in the amount of \$805,500. Transfers are made from the General Fund to subsidize the cost of providing a program or service (See Figure 5).

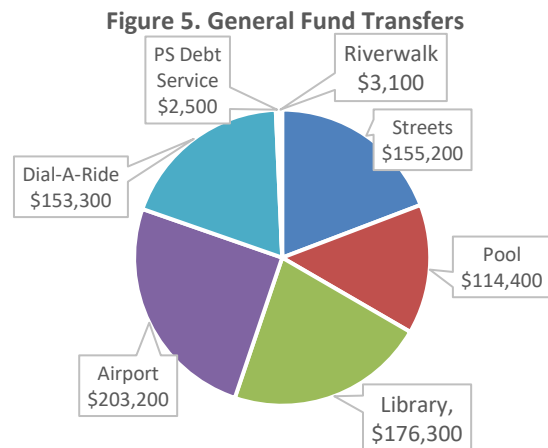
The General Fund is responsible for a wide array of public services and activities. The largest portion of the City's General Fund budget goes toward public safety. Figure 6 below shows the percent of General Fund expenditures for the different service departments.



Capital assets include land, buildings, equipment, vehicles, and infrastructure. At the end of FY 2019/2020 total capital assets amounted to \$39,933,582. Significant capital assets additions during the year included the following:

- Road construction projects - \$1,157,746
- Water and sewer improvements - \$984,189
- Dial-A-Ride buses - \$402,533
- Dial-A-Ride building improvements - \$300,371

These projects and capital acquisitions are being funded without overextending the City. The state-imposed debt limitation is 10 percent of the state equalized value (SEV). The SEV for FY 2019/2020 was \$171,309,000 setting the debt limitation at \$17,130,900 (See Figure 7). The total debt outstanding at the end of the fiscal year was \$7,141,599, of which



In January 2014, Fifth Third Bank offered a cash back credit card program for government users. Purchasing card transactions made up \$511,185 of total disbursements. The annual cash rebate that was received for the year 2018 is \$7,089. The use of the purchasing card will continue to be examined to maximize return.

The Finance Department also account for the capital assets of the City.

only \$1,886,000 is applicable to the debt limitation. The other \$4,865,000 represent revenue bonds for wastewater improvements that are not considered against the debt threshold.

The revenue bonds are comprised of \$4,865,000 in sewer bonds. The Aerial Ladder Fire Truck was paid off six years early in December 2019. The \$1,886,000 of debt applicable to the debt ceiling includes the following:

- Community Hangar - \$1,136,000 (retires 2040)
- Public Safety Building - \$455,000 (retires 2021)
- Library Renovation - \$295,000 (retires 2024)

Figure 7. Debt Limitation

	2019/2020	2018/2019	2017/2018	2016/2017
Debt Limit	\$ 17,130,900	\$ 16,241,780	\$ 16,213,550	\$ 15,647,050
Total debt applicable to limit	\$ 1,886,000	\$ 2,659,000	\$ 3,170,000	\$ 3,649,000
Legal debt margin	\$ 15,244,900	\$ 13,582,780	\$ 13,043,050	\$ 11,998,050
Percent of debt limit utilized	11%	16%	20%	23%
Percent of legal limit utilized	1%	2%	2%	3%

The City has two pension plans, a self-administered plan governed by Act 345 and an agent multi-employer plan through the Michigan Municipal Employees Retirement System (MERS). The Act 345 plan is designated for police and fire employees. The remaining employees participate in the MERS plan. Both plans provide eligible employees with either a defined benefit or defined contribution retirement. However, the defined benefit plans are closed to new participants.

The City makes an annual required contribution (ARC) to the defined benefit portion of both retirement plans. The ARC is determined by an actuarial study that is completed annually for the MERS plan and biannually for the Act 345 plan. Figures 8 and 9 below display the ARC and other important information related to the City's retirement plans.

Figure 8. Act 345 Pension Plan

For the Year Ending June 30	Annual Recommended Contribution	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
2015	\$ 457,457	\$ 4,664,226	\$ 6,908,438	\$ 2,244,212	67.5%
2016	\$ 457,457	\$ 4,571,357	\$ 7,030,250	\$ 2,458,893	65.0%
2017	\$ 507,614	\$ 4,872,302	\$ 6,860,175	\$ 1,987,873	71.0%
2018	\$ 507,614	\$ 5,157,602	\$ 6,632,520	\$ 1,474,918	77.8%
2019	\$ 493,035	\$ 5,281,384	\$ 6,451,646	\$ 1,170,262	81.9%
2020	\$ 493,035	\$ 5,452,275	\$ 6,374,952	\$ 922,677	85.5%

Figure 9. MERS Pension Plan

For the Year Ending June 30	Annual Recommended Contribution	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
2015	\$ 605,874	\$ 9,295,327	\$ 14,209,541	\$ 4,914,214	65.4%
2016	\$ 668,316	\$ 9,532,263	\$ 15,214,961	\$ 5,682,698	62.7%
2017	\$ 728,574	\$ 9,795,252	\$ 15,306,198	\$ 5,510,946	64.0%
2018	\$ 664,168	\$ 9,996,216	\$ 14,965,464	\$ 4,969,248	66.7%
2019	\$ 565,704	\$ 9,851,635	\$ 15,164,131	\$ 5,312,496	65.0%
2020	\$ 588,132	\$ 9,741,056	\$ 15,797,460	\$ 6,056,404	61.7%

Looking forward into the upcoming year, the Treasurer's Office plans to continue the trend of increasing customer service and operating more efficiently. Improvements that are being considered include offering residents an automatic payment option for their utility bill at no charge, streamlining the accounts payable process to include the addition of a paperless system, and instituting a citywide payroll structure. These goals will improve service levels and recognize efficiencies for the City.

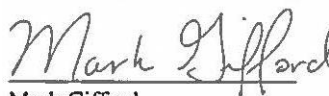
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Big Rapids for its comprehensive annual financial reporting for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we will be submitting it to the GFOA.

It is very appropriate that appreciation be expressed for the efficient and dedicated services of the City's Department of Finance. The maintenance of the daily financial reports, all investments, and the preparation of this comprehensive report were the supervisory responsibilities of City Treasurer, Aaron Kuhn. He has been ably assisted by other finance/management area personnel, which include Carla Staffen, Ashley Dunkel, Karen Manoski, Simone Smith-Politz, Becky Curtis, Tom Paul, Gail Dolbee, and Paula Weipert. City staff contributed the photos. PageWorks, Grand Rapids, Michigan was responsible for the reproduction of the covers and tabs. Aaron Kuhn authored the Departmental Focus. Excellent working relationships were established and maintained between the auditors and the municipal staff in the preparation of this annual financial report.

Respectfully submitted,



Mark Gifford
City Manager



Aaron Kuhn
City Treasurer

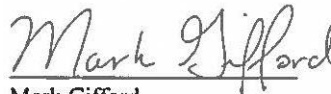
**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Responsibility for the integrity of the financial data presented rests with the City. We believe the data to be accurate in all material respects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to city government and State statutes.

Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Vredeveld Haefner LLC, independent certified public accountants, have audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit. Vredeveld Haefner LLC's report is included in the financial section of this report.

Respectfully submitted,



Mark Gifford
City Manager



Aaron Kuhn
City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Big Rapids
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO



December 30, 2020

To Whom It May Concern:

During year three of my tenure, city administration has again continued to stabilize finances and manage budget priorities for success. Our treasurer has continued to apprise the commission of the intricacies of municipal finance and his oversight and reporting continues to confer a sense of confidence and effectiveness on the part of all concerned. Consequently, we have again been able to pass a constructive, comprehensive budget, adjusted to meet contingencies due to the pandemic, while maintaining key fund balances to safeguard the city's capacities and opportunities going forward.

The city continues to work on projects to improve infrastructure and enhance citizen enjoyment community. The city continues to evaluate the probable disposition of possible surplus city-owned properties within the private sector. Although former potential projects have not been undertaken due to the inability of the state to grant related funding, at least one park improvement project is being developed through private effort and DNR funding access. On-hold grant opportunities continue to be evaluated for potential action in future years. Prudent management has also made it possible for the city to consider key infrastructure and asset provision, including critical street repair and replacement, the acquisition of important equipment, and to make continuous evaluation and improvement of other amenities and services.

Detailed, easy to understand financial management reporting on a periodic basis has helped the City Commission to quickly and thoroughly understand and act on fiscal matters in a timely manner and with confidence that the resultant decisions represent the care and accuracy that our citizens and organizations expect. This effective and useful process proves its worth time and again.

Thank you for the opportunity to once again comment on the practices and outcomes employed to ensure the financial security of the City of Big Rapids. From the perspective of the mayor and commission, the city of Big Rapids rests soundly in good financial hands.

Respectfully,

Thomas J. Hogenson

Mayor, City of Big Rapids

CITY OF BIG RAPIDS, MICHIGAN

CITY OFFICIALS

City Commission _____ Thomas Hogenson

_____ Lorraine James

_____ Robert Andrews

_____ Jennifer Cochran

_____ Jonathan Eppley

City Manager _____ Mark Gifford

City Attorney _____ Eric D. Williams

City Clerk _____ Tammy Gillis

City Treasurer _____ Aaron Kuhn

Income Tax Administrator _____ Tom Paul

Information Technology Manager _____ Timothy Moslener

Library Director _____ Lauren Moran

Neighborhood Services Director _____ Paula Priebe

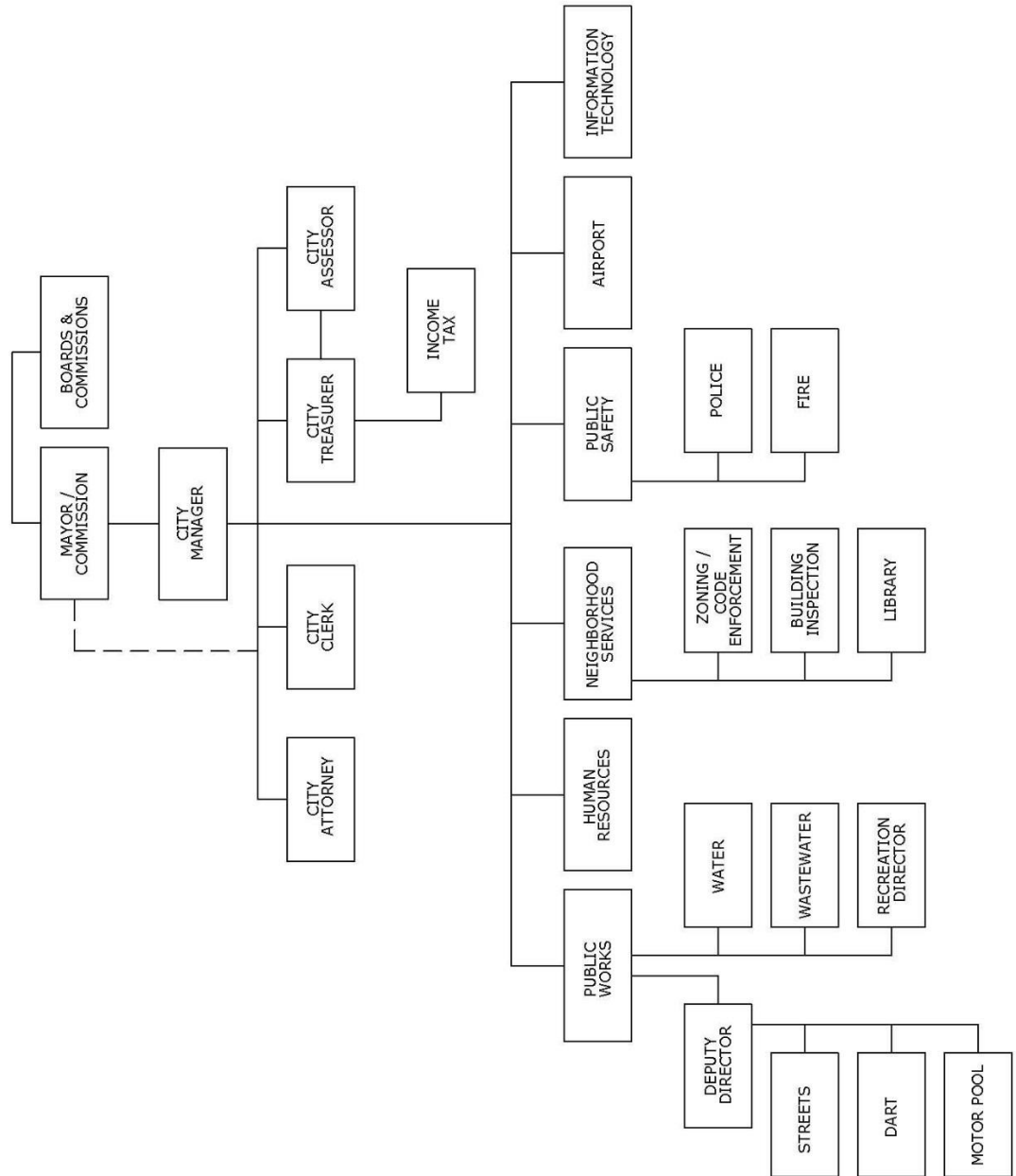
Transportation Supervisor _____ Dawn Fuller

Police Chief _____ Danielle Haynes

Fire Chief _____ Steve Schroeder

Public Works Director _____ Heather Bowman

ORGANIZATIONAL CHART



FINANCIAL SECTION



Vredeveld Haefner LLC

CPAs and Consultants
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INDEPENDENT AUDITORS' REPORT

December 30, 2020

Honorable Mayor and Members of the City Commission
City of Big Rapids, Michigan

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Big Rapids, Michigan, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on pages 47 and 48, and the benefit plan schedules on pages 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Big Rapids, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, Dial A Ride transit schedules and continuing disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Dial A Ride transit schedules balances at June 30, 2020, are the responsibility of management and, except for the Schedule of Nonfinancial Information, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Dial A Ride transit schedules balances at June 30, 2020, except for the Schedule of Nonfinancial Information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical and continuing disclosure sections, the Dial-A-Ride transit schedules section balances at other than June 30, 2020, and the Schedule of Nonfinancial Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the City of Big Rapids, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Big Rapids, Michigan's internal control over financial reporting and compliance.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Big Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2020 fiscal year as follows:

- The City acquired several operational assets throughout the year, including new playground equipment for Parks and a sewer jet for Public Works.
- The Police Department purchased new riot equipment and a new police car.
- Dial a ride was awarded grants which were used to purchase three new buses as well as complete a building renovation.
- The City continued its street maintenance program and replaced over a mile of streets with the use of grant funds.
- Using matching dollars from the FAA and MDOT, the City was able to complete the resurfacing of a runway at the Airport.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and major street funds which are considered to be major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

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

Proprietary funds The City maintains four separate enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater, water, and sanitation activity, as well as nonmajor enterprise operations (dial a ride transportation fund). Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes internal service funds to account for its motor pool and DPW services. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater, water, and sanitation operations, which are considered to be major funds of the City. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of 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. This is limited to this discussion and analysis, required pension information and general and major special revenue fund budget and actual presentations. Supplemental information follows the required pension information and includes combining and individual fund statements and schedules.

Government-wide Financial Analysis

Statement of Net Position As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$34,853,885 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

City of Big Rapids Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 4,288,487	\$ 3,816,738	\$ 6,427,550	\$ 5,080,344	\$10,716,037	\$ 8,897,082
Capital assets	21,476,455	20,685,254	18,457,127	17,522,620	39,933,582	38,207,874
Total assets	25,764,942	24,501,992	24,884,677	22,602,964	50,649,619	47,104,956
Deferred outflows	322,204	542,746	112,231	420,081	434,435	962,827
Liabilities						
Current liabilities	1,820,416	1,531,312	1,237,613	982,317	3,058,029	2,513,629
Long-term liabilities	6,605,721	7,071,271	6,474,269	7,443,112	13,079,990	14,514,383
Total liabilities	8,426,137	8,602,583	7,711,882	8,425,429	16,138,019	17,028,012
Deferred inflows	-	46,819	-	-	-	46,819
Net position						
Invested in capital assets, net of related debt	19,318,568	17,597,933	13,592,127	12,277,620	32,910,695	29,875,553
Restricted	1,076,341	1,055,603	-	-	1,076,341	1,055,603
Unrestricted	(2,733,900)	(2,258,200)	3,692,899	2,319,996	958,999	61,796
Total net position	\$17,661,009	\$16,395,336	\$17,285,026	\$14,597,616	\$34,946,035	\$30,992,952

By far the largest portion of the City's net position in the amount of 94% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position in the amount of 3% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$958,999, or 3%, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole and the business-type activities. Governmental activities reported a deficit in unrestricted net position at year end.

Statement of Activities The City's total revenue for the fiscal year ended June 30, 2020, was \$20,227,901 while total cost of all programs and services was \$16,274,818. This results in an increase in net position of \$3,992,952. The following table presents a summary of the changes in net position for the years ended June 30, 2020 and 2019.

City of Big Rapids Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 1,062,565	\$ 1,119,389	\$ 6,762,928	\$ 6,706,373	\$ 7,825,493	\$ 7,825,762
Operating grants and contributions	1,915,845	1,922,818	988,789	614,675	2,904,634	2,537,493
Capital grants and contributions	731,112	12,322	1,154,102	259,338	1,885,214	271,660
General revenues						
Property taxes	3,746,281	3,675,033	-	-	3,746,281	3,675,033
Income taxes	2,355,835	2,156,777	-	-	2,355,835	2,156,777
State shared revenues	1,333,533	1,368,359	-	-	1,333,533	1,368,359
Investment earnings	65,512	59,703	68,213	49,420	133,725	109,123
Other	40,744	47,571	2,442	6,568	43,186	54,139
Total revenues	11,251,427	10,361,972	8,976,474	7,636,374	20,227,901	17,998,346
Expenses						
General government	3,470,656	3,595,203	-	-	3,470,656	3,595,203
Public safety	3,490,275	3,614,748	-	-	3,490,275	3,614,748
Public works	1,820,837	1,095,764	-	-	1,820,837	1,095,764
Culture and recreation	1,597,560	1,062,781	-	-	1,597,560	1,062,781
Interest on long-term debt	95,126	118,948	-	-	95,126	118,948
Wastewater	-	-	2,922,337	2,674,390	2,922,337	2,674,390
Water	-	-	1,248,922	2,416,749	1,248,922	2,416,749
Sanitation	-	-	965,178	895,345	965,178	895,345
Dial a ride transportation	-	-	663,927	462,151	663,927	462,151
Total expenses	10,474,454	9,487,444	5,800,364	6,448,635	16,274,818	15,936,079
Increase (decrease) before transfers	776,973	874,528	3,176,110	1,187,739	3,953,083	2,062,267
Transfers in (out)	488,700	596,300	(488,700)	(596,300)	-	-
Increase (decrease) in net position	1,265,673	1,470,828	2,687,410	591,439	3,953,083	2,062,267
Net position – beginning	16,395,336	14,924,508	14,597,616	14,006,177	30,992,952	28,930,685
Net position – ending	\$17,661,009	\$16,395,336	\$17,285,026	\$14,597,616	\$34,946,035	\$30,992,952

Governmental Activities The preceding table shows that the governmental activities increased the City's net position by \$1,265,673 during this fiscal year. The increase is primarily the result of grant funded capital projects.

Business-type Activities Business-type activities increased the City's net position by \$2,687,410 during the year. This increase is primarily the result of grant funded capital projects within the water and dial a ride transportation funds during the year.

Financial Analysis of the Government's Funds

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

Governmental funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,803,646 an increase of \$58,028 from the prior year. The major streets fund reported restricted fund balance of \$719,133 an increase in fund balance of \$13,240.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$1,338,408. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 14% of total general fund expenditures and transfers out.

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

The City of Big Rapids' enterprise operations consist of four separate and distinct activities. The wastewater, water, sanitation and dial a ride transportation funds provide service to most residents and businesses of the City. The sanitation fund experienced a decline in net position of \$6,566. The wastewater, water and dial a ride transportation funds increased net position by \$302,765, \$1,794,230 and \$596,981 respectively.

Budgetary Highlights

Several budget amendments were made during the year to adjust for unexpected revenues or expenditures.

- General fund
 - The debt service budget was increased for the payoff of the loan on the aerial ladder fire truck.
 - Downtown expenditures were significantly less than budget due to a grant funded project that did not materialize.
 - Sidewalk, alley, and storm sewer expenditures were slightly less than budget due to the level of work completed.
- Major streets fund
 - Expenditure budgets were increased for a project which was not completed.

Capital Asset and Debt Administration

Capital assets The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$39,933,582 (net of accumulated depreciation). Of this amount, \$21,476,455 was for its governmental type activities and \$18,457,127 was for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure. Significant current year additional to capital assets included buildings of \$300,000, vehicles and equipment of \$890,000 and infrastructure of \$2,450,000 for governmental activities and business-type activities.

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

Long-term debt At the end of the current fiscal year, the City had total long-term debt, including compensated absences, outstanding of \$2,819,141 for governmental activities and \$4,943,996 for business-type activities.

The City's entered into no new long-term debt agreements during the current fiscal year.

The City debt limit, as defined by statute, is ten percent (10%) of state equalized property values, which currently equals \$17,130,900. Total City's long-term debt subject to this limit is \$1,886,000.

Additional information on the City's long-term debt can be found in note 8 to these financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the City's budget for the 2020-2021 fiscal year:

- Due to uncertainty surrounding the COVID pandemic, the City chose a very conservative estimate of its income tax and state revenue sharing resources.
- Inflationary increases in wages and benefits
- Capital purchases per the capital improvement plan faced significant reductions due to the pandemic.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Big Rapids, 226 N. Michigan Avenue, Big Rapids, MI 49307.

BASIC FINANCIAL STATEMENTS

CITY OF BIG RAPIDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Downtown
	Activities	Activities	Total	Development
				Authority
Assets				
Cash and pooled investments	\$ 2,583,453	\$ 5,298,822	\$ 7,882,275	\$ 35,509
Accounts receivable	699,996	741,888	1,441,884	-
Special assessments receivable	1,717	-	1,717	-
Due from other governments	462,868	663,425	1,126,293	-
Inventory	90,344	23,524	113,868	-
Internal balances	300,109	(300,109)	-	-
Advance to agency fund	150,000	-	150,000	-
Capital assets				
Land	4,918,926	374,821	5,293,747	-
Construction in progress	64,905	302,251	367,156	-
Depreciable capital assets, net	16,492,624	17,780,055	34,272,679	-
Total assets	25,764,942	24,884,677	50,649,619	35,509
Deferred outflow				
Pension related	322,204	112,231	434,435	-
Liabilities				
Accounts payable	454,242	705,275	1,159,517	-
Accrued liabilities	138,913	55,364	194,277	-
Customer deposits	-	34,310	34,310	-
Unearned revenue	212,764	-	212,764	-
Current portion of compensated absences	361,709	52,664	414,373	-
Current portion of long-term debt	652,788	390,000	1,042,788	-
Noncurrent liabilities				
Compensated absences	180,854	26,332	207,186	-
Net pension liability	4,801,077	1,972,937	6,774,014	-
Long-term debt	1,623,790	4,475,000	6,098,790	-
Total liabilities	8,426,137	7,711,882	16,138,019	-
Net position				
Net investment in capital assets	19,318,568	13,592,127	32,910,695	-
Restricted for				
Streets	868,671	-	868,671	-
Library	181,158	-	181,158	-
Restricted contributions	8,888	-	8,888	-
Permanent trust				
Playscape - corpus	17,000	-	17,000	-
Playscape - expendable portion	624	-	624	-
Unrestricted	(2,733,900)	3,692,899	958,999	35,509
Total net position	\$ 17,661,009	\$ 17,285,026	\$ 34,946,035	\$ 35,509

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

CITY OF BIG RAPIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 3,470,656	\$ 367,251	\$ 3,238	\$ -	\$ (3,100,167)
Public safety	3,490,275	422,875	525,397	-	(2,542,003)
Public works	1,820,837	8,988	1,192,812	691,981	72,944
Culture and recreation	1,597,560	263,451	194,398	39,131	(1,100,580)
Interest on long-term debt	95,126	-	-	-	(95,126)
Total governmental activities	10,474,454	1,062,565	1,915,845	731,112	(6,764,932)
Business-type activities					
Wastewater utility	2,922,337	2,777,337	623,114	-	478,114
Water utility	1,248,922	2,776,176	-	501,569	2,028,823
Sanitation	965,178	1,076,512	-	-	111,334
Dial a ride transportation	663,927	132,903	365,675	652,533	487,184
Total business-type activities	5,800,364	6,762,928	988,789	1,154,102	3,105,455
Total primary government	\$ 16,274,818	\$ 7,825,493	\$ 2,904,634	\$ 1,885,214	\$ (3,659,477)
Component units					
Downtown Development Authority	\$ 44,570	\$ 19,793	\$ -	\$ -	\$ (24,777)
Total component units	\$ 44,570	\$ 19,793	\$ -	\$ -	\$ (24,777)

(Continued)

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

CITY OF BIG RAPIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
Changes in net position				
Net (expense) revenue	\$ (6,764,932)	\$ 3,105,455	\$ (3,659,477)	\$ (24,777)
General revenues				
Property taxes	3,746,281	-	3,746,281	40,127
Income taxes	2,355,835	-	2,355,835	-
State shared revenues - unrestricted	1,333,533	-	1,333,533	-
Unrestricted investment earnings	65,512	68,213	133,725	1
Other general revenues	40,744	2,442	43,186	-
Transfers - internal activities	488,700	(488,700)	-	-
Total general revenues and transfers	8,030,605	(418,045)	7,612,560	40,128
Change in net position	1,265,673	2,687,410	3,953,083	15,351
Net position, beginning of year	16,395,336	14,597,616	30,992,952	20,158
Net position, end of year	\$ 17,661,009	\$ 17,285,026	\$ 34,946,035	\$ 35,509

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

CITY OF BIG RAPIDS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 745,413	\$ 597,778	\$ 711,584	\$ 2,054,775
Accounts receivable	553,821	100	144,276	698,197
Special assessment receivable	1,717	-	-	1,717
Due from other funds	309,909	-	-	309,909
Due from other governments	152,760	227,754	82,354	462,868
Advance to other funds	150,000	-	-	150,000
Inventory	-	-	16,321	16,321
Total assets	<u>\$ 1,913,620</u>	<u>\$ 825,632</u>	<u>\$ 954,535</u>	<u>\$ 3,693,787</u>
Liabilities, deferred inflows, and fund balances				
Liabilities				
Accounts payable	\$ 121,889	\$ 106,499	\$ 214,293	\$ 442,681
Accrued liabilities	88,482	-	8,536	97,018
Due to other funds	-	-	9,800	9,800
Unearned revenue	212,764	-	-	212,764
Total liabilities	<u>423,135</u>	<u>106,499</u>	<u>232,629</u>	<u>762,263</u>
Deferred inflows				
Unavailable revenue	2,077	-	125,801	127,878
Fund balances				
Nonspendable				
Advances	150,000	-	-	150,000
Nonmajor permanent fund corpus	-	-	17,000	17,000
Inventory	-	-	16,321	16,321
Restricted				
Streets	-	719,133	149,538	868,671
Library	-	-	181,158	181,158
Restricted contributions	-	-	8,888	8,888
Permanent fund - expendable portion	-	-	624	624
Assigned				
Pool operations	-	-	86,144	86,144
Airport operations	-	-	6,028	6,028
Riverwalk and safety	-	-	86,722	86,722
Capital projects	-	-	43,682	43,682
Unassigned (deficit)	1,338,408	-	-	1,338,408
Total fund balances	<u>1,488,408</u>	<u>719,133</u>	<u>596,105</u>	<u>2,803,646</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,913,620</u>	<u>\$ 825,632</u>	<u>\$ 954,535</u>	<u>\$ 3,693,787</u>

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

CITY OF BIG RAPIDS

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

JUNE 30, 2020

Fund balances - total governmental funds	\$ 2,803,646
-------------------------------------------------	---------------------

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

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

Add - land	4,918,926
Add - construction in progress	64,905
Add - capital assets (net of accumulated depreciation)	15,802,263

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

Add - long-term portion of accounts receivable	127,878
------------------------------------------------	---------

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

Add - net position of governmental activities accounted for in the internal service funds	1,158,271
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Deferred pension items are not reported in the funds.

Add - deferred outflows	322,204
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(433,410)
Deduct - net pension liability	(4,801,077)
Deduct - bonds payable	(2,276,578)
Deduct - accrued interest on bonds payable	(26,019)

Net position of governmental activities	<u>\$ 17,661,009</u>
------------------------------------------------	-----------------------------

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

CITY OF BIG RAPIDS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Major Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 5,918,043	\$ -	\$ 184,073	\$ 6,102,116
Intergovernmental revenues				
Federal	19,372	694,120	-	713,492
State	1,844,321	903,351	308,008	3,055,680
Local	14,154	-	210,710	224,864
Licenses and permits	155,182	-	-	155,182
Charges for services	592,961	-	15,385	608,346
Fines	67,806	-	84,615	152,421
Special assessments	6,378	-	579	6,957
Investment earnings	54,635	6,149	16,893	77,677
Miscellaneous	72,085	100	91,591	163,776
Total revenues	<u>8,744,937</u>	<u>1,603,720</u>	<u>911,854</u>	<u>11,260,511</u>
Expenditures				
Current				
General government	2,717,102	-	-	2,717,102
Public safety	3,820,972	-	-	3,820,972
Public works	887,792	1,101,180	1,162,099	3,151,071
Culture and recreation	665,119	-	491,420	1,156,539
Debt service				
Principal	845,483	-	89,738	935,221
Interest	53,563	-	52,215	105,778
Total expenditures	<u>8,990,031</u>	<u>1,101,180</u>	<u>1,795,472</u>	<u>11,886,683</u>
Revenues over (under) expenditures	<u>(245,094)</u>	<u>502,540</u>	<u>(883,618)</u>	<u>(626,172)</u>
Other financing sources (uses)				
Transfers in	1,079,500	-	1,111,700	2,191,200
Transfers out	(805,500)	(489,300)	(212,200)	(1,507,000)
Total other financing sources (uses)	<u>274,000</u>	<u>(489,300)</u>	<u>899,500</u>	<u>684,200</u>
Net changes in fund balances	28,906	13,240	15,882	58,028
Fund balances, beginning of year	<u>1,459,502</u>	<u>705,893</u>	<u>580,223</u>	<u>2,745,618</u>
Fund balances, end of year	<u>\$ 1,488,408</u>	<u>\$ 719,133</u>	<u>\$ 596,105</u>	<u>\$ 2,803,646</u>

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

CITY OF BIG RAPIDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

Net changes in fund balances - total governmental funds	\$ 58,028
----------------------------------------------------------------	------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,480,633
Deduct - depreciation expense	(613,975)

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

Deduct - special assessment receipts	(9,084)
--------------------------------------	---------

Issuance of bonds or notes provides current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	935,221
----------------------------------	---------

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

Deduct - increase in compensated absences	(74,212)
Deduct - increase in net pension liability	(331,828)
Deduct - decrease in deferred outflows	(140,309)
Deduct - increase in deferred inflows	(33,414)
Add - decrease in accrued interest	10,652

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

Deduct - decrease in net position from the internal service funds	<u>(16,039)</u>
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Change in net position of governmental activities	<u>\$ 1,265,673</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
Assets	Wastewater	Water	Sanitation	Dial A Ride		
Current assets						
Cash and pooled investments	\$ 1,367,482	\$ 3,926,583	\$ 4,641	\$ 116	\$ 5,298,822	\$ 528,678
Accounts receivable	265,873	347,916	125,739	2,360	741,888	1,799
Due from other governments	230,844	234,295	-	198,286	663,425	-
Inventory	-	23,524	-	-	23,524	74,023
Total current assets	<u>1,864,199</u>	<u>4,532,318</u>	<u>130,380</u>	<u>200,762</u>	<u>6,727,659</u>	<u>604,500</u>
Capital assets						
Land	31,288	343,533	-	-	374,821	-
Construction in progress	-	302,251	-	-	302,251	-
Depreciable capital assets, net	<u>9,977,927</u>	<u>6,760,672</u>	<u>-</u>	<u>1,041,456</u>	<u>17,780,055</u>	<u>690,361</u>
Net capital assets	<u>10,009,215</u>	<u>7,406,456</u>	<u>-</u>	<u>1,041,456</u>	<u>18,457,127</u>	<u>690,361</u>
Total assets	<u>11,873,414</u>	<u>11,938,774</u>	<u>130,380</u>	<u>1,242,218</u>	<u>25,184,786</u>	<u>1,294,861</u>
Deferred outflow						
Pension related	<u>57,199</u>	<u>55,032</u>	<u>-</u>	<u>-</u>	<u>112,231</u>	<u>-</u>
Liabilities						
Current liabilities						
Accounts payable	208,916	412,938	71,542	11,879	705,275	11,561
Accrued liabilities	9,175	8,811	312	6,660	24,958	15,876
Due to other funds	138,400	-	45,411	116,298	300,109	-
Customer deposits	-	34,310	-	-	34,310	-
Accrued interest	30,406	-	-	-	30,406	-
Current portion of compensated absences	20,210	28,674	-	3,780	52,664	72,768
Current portion of long-term debt	<u>390,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,000</u>	<u>-</u>
Total current liabilities	<u>797,107</u>	<u>484,733</u>	<u>117,265</u>	<u>138,617</u>	<u>1,537,722</u>	<u>100,205</u>
Long-term liabilities						
Compensated absences, net of current portion	10,105	14,337	-	1,890	26,332	36,385
Net pension liability	1,005,517	967,420	-	-	1,972,937	-
Long-term debt	<u>4,475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,475,000</u>	<u>-</u>
Total long-term liabilities	<u>5,490,622</u>	<u>981,757</u>	<u>-</u>	<u>1,890</u>	<u>6,474,269</u>	<u>36,385</u>
Total liabilities	<u>6,287,729</u>	<u>1,466,490</u>	<u>117,265</u>	<u>140,507</u>	<u>8,011,991</u>	<u>136,590</u>
Net position						
Net investment in capital assets	5,144,215	7,406,456	-	1,041,456	13,592,127	690,361
Unrestricted	<u>498,669</u>	<u>3,120,860</u>	<u>13,115</u>	<u>60,255</u>	<u>3,692,899</u>	<u>467,910</u>
Total net position	<u>\$ 5,642,884</u>	<u>\$ 10,527,316</u>	<u>\$ 13,115</u>	<u>\$ 1,101,711</u>	<u>\$ 17,285,026</u>	<u>\$ 1,158,271</u>

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

CITY OF BIG RAPIDS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Wastewater	Water	Sanitation	Dial A Ride		
Operating revenue						
Charges for services	\$ 2,777,337	\$ 2,776,176	\$ 1,076,512	\$ 132,903	\$ 6,762,928	\$ 2,016,688
Other	-	-	-	-	-	12,620
Total operating revenue	<u>2,777,337</u>	<u>2,776,176</u>	<u>1,076,512</u>	<u>132,903</u>	<u>6,762,928</u>	<u>2,029,308</u>
Operating expense						
Salaries and wages	371,652	359,288	12,698	316,097	1,059,735	692,559
Benefits	331,081	(127,290)	7,672	96,328	307,791	493,356
DPW services	161,700	136,500	38,200	-	336,400	23,900
Materials and supplies	81,265	67,761	5,415	2,985	157,426	23,134
Gas and oil	-	-	-	50,388	50,388	69,798
Utilities	187,803	170,162	-	15,505	373,470	41,131
Repair and maintenance	211,769	89,150	-	83,452	384,371	205,501
Equipment rentals	38,892	49,168	36,099	4,684	128,843	94,558
Contracted services	813,233	62,486	863,844	125	1,739,688	1,493
Professional fees	2,812	36,077	1,250	19,382	59,521	1,074
Insurance	17,284	26,070	-	7,246	50,600	26,215
Depreciation	580,044	375,995	-	64,925	1,020,964	182,079
Miscellaneous	803	1,610	-	2,313	4,726	1,000
Total operating expense	<u>2,798,338</u>	<u>1,246,977</u>	<u>965,178</u>	<u>663,430</u>	<u>5,673,923</u>	<u>1,855,798</u>
Operating income (loss)	<u>(21,001)</u>	<u>1,529,199</u>	<u>111,334</u>	<u>(530,527)</u>	<u>1,089,005</u>	<u>173,510</u>
Non-operating revenue (expense)						
Federal grants	-	-	-	138,911	138,911	-
State grants	623,114	-	-	226,764	849,878	-
Gain (loss) on capital assets	-	-	-	-	-	3,616
Investment earnings	17,651	50,562	-	-	68,213	2,335
Interest expense	(123,999)	-	-	-	(123,999)	-
Total non-operating revenue (expense)	<u>516,766</u>	<u>50,562</u>	<u>-</u>	<u>365,675</u>	<u>933,003</u>	<u>5,951</u>
	<u>495,765</u>	<u>1,579,761</u>	<u>111,334</u>	<u>(164,852)</u>	<u>2,022,008</u>	<u>179,461</u>
Capital contributions and transfers						
Federal grants	-	501,569	-	308,076	809,645	-
State grants	-	-	-	344,457	344,457	-
Transfers in	72,000	-	-	153,300	225,300	-
Transfers out	(265,000)	(287,100)	(117,900)	(44,000)	(714,000)	(195,500)
Total capital contributions and transfers	<u>(193,000)</u>	<u>214,469</u>	<u>(117,900)</u>	<u>761,833</u>	<u>665,402</u>	<u>(195,500)</u>
Changes in net position	302,765	1,794,230	(6,566)	596,981	2,687,410	(16,039)
Net position, beginning of year	<u>5,340,119</u>	<u>8,733,086</u>	<u>19,681</u>	<u>504,730</u>	<u>14,597,616</u>	<u>1,174,310</u>
Net position, end of year	<u>\$ 5,642,884</u>	<u>\$ 10,527,316</u>	<u>\$ 13,115</u>	<u>\$ 1,101,711</u>	<u>\$ 17,285,026</u>	<u>\$ 1,158,271</u>

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

CITY OF BIG RAPIDS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				Enterprise Fund Total	Governmental Activities Internal Service Funds
	Wastewater	Water	Sanitation	Dial A Ride		
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,029,888
Receipts from customers and users	2,513,125	2,559,529	1,069,519	(66,566)	6,075,607	-
Payments to employees	(613,584)	(594,222)	(20,360)	(408,670)	(1,636,836)	(1,145,152)
Payments to suppliers	(1,477,035)	(453,387)	(944,518)	(185,872)	(3,060,812)	(479,294)
Operating grants	623,114	-	-	365,675	988,789	-
Net cash provided by (used in) operating activities	<u>1,045,620</u>	<u>1,511,920</u>	<u>104,641</u>	<u>(295,433)</u>	<u>2,366,748</u>	<u>405,442</u>
Cash flows from non-capital financing activities						
Loan from other funds	-	165,610	-	129,752	295,362	-
Due to other funds	138,400	-	17,900	114,100	270,400	-
Transfers in	72,000	-	-	153,300	225,300	-
Transfers out	(265,000)	(287,100)	(117,900)	(44,000)	(714,000)	(195,500)
Net cash provided by (used in) non-capital financing activities	<u>(54,600)</u>	<u>(121,490)</u>	<u>(100,000)</u>	<u>353,152</u>	<u>77,062</u>	<u>(195,500)</u>
Cash flows from capital and related financing activities						
Interest expense	(128,751)	-	-	-	(128,751)	-
Capital grants	-	501,569	-	652,533	1,154,102	-
Principal paid on bonds	(380,000)	-	-	-	(380,000)	-
Proceeds on sale of capital assets	-	-	-	-	-	3,616
Acquisitions of capital assets	(263,480)	(981,856)	-	(710,136)	(1,955,472)	(106,622)
Net cash provided by (used in) capital and related financing activities	<u>(772,231)</u>	<u>(480,287)</u>	<u>-</u>	<u>(57,603)</u>	<u>(1,310,121)</u>	<u>(103,006)</u>
Cash flows from investing activities						
Interest income	17,652	50,562	-	-	68,214	2,335
Net increase (decrease) in cash and pooled investments	<u>236,441</u>	<u>960,705</u>	<u>4,641</u>	<u>116</u>	<u>1,201,903</u>	<u>109,271</u>
Cash and pooled investments, beginning of year	<u>1,131,041</u>	<u>2,965,878</u>	<u>-</u>	<u>-</u>	<u>4,096,919</u>	<u>419,407</u>
Cash and pooled investments, end of year	<u>\$ 1,367,482</u>	<u>\$ 3,926,583</u>	<u>\$ 4,641</u>	<u>\$ 116</u>	<u>\$ 5,298,822</u>	<u>\$ 528,678</u>
Cash flows from operating activities						
Operating income (loss)	\$ (21,001)	\$ 1,529,199	\$ 111,334	\$ (530,527)	\$ 1,089,005	\$ 173,510
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	580,044	375,995	-	64,925	1,020,964	182,079
Net pension liability	(25,087)	(555,369)	-	-	(580,456)	-
Deferred outflows for pensions	112,355	195,495	-	-	307,850	-
Operating grants	623,114	-	-	365,675	988,789	-
Change in operating assets and liabilities which provided (used) cash						
Accounts receivable	(264,212)	(216,867)	(6,993)	(199,469)	(687,541)	580
Inventory	-	(23,524)	-	-	(23,524)	707
Accounts payable	38,526	209,121	290	208	248,145	7,803
Customer deposits	-	220	-	-	220	-
Accrued liabilities	1,819	353	10	520	2,702	368
Compensated absences	62	(2,703)	-	3,235	594	40,395
Net cash provided by (used in) operating activities	<u>\$ 1,045,620</u>	<u>\$ 1,511,920</u>	<u>\$ 104,641</u>	<u>\$ (295,433)</u>	<u>\$ 2,366,748</u>	<u>\$ 405,442</u>

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

CITY OF BIG RAPIDS
FIDUCIARY FUNDS
STATEMENT OF NET POSITION/BALANCE SHEET
JUNE 30, 2020

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and pooled investments	\$ 69,636	\$ 187,597
Investments		
Stock mutual funds and equity securities	4,218,683	-
Bond mutual funds and debt securities	1,028,874	-
Accounts receivable	<u>2,084</u>	<u>60,336</u>
Total assets	<u>5,319,277</u>	<u>\$ 247,933</u>
Liabilities		
Accounts payable	-	\$ 43,466
Due to other governmental units	-	54,467
Advances from other funds	<u>-</u>	<u>150,000</u>
Total liabilities	<u>-</u>	<u>\$ 247,933</u>
Net position		
Net position restricted for pension	<u>\$ 5,319,277</u>	

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

CITY OF BIG RAPIDS

PENSION TRUST FUND

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

	Pension Trust
Additions	
Contributions:	
Employer	\$ 709,810
Employee	<u>134,378</u>
Total contributions	844,188
Investment earnings (losses)	<u>184,839</u>
Total additions	<u>1,029,027</u>
Deductions	
Benefits	618,554
Refunds and contributions to defined contribution plan	351,088
Administrative expenses	<u>21,493</u>
Total deductions	<u>991,135</u>
Net increase (decrease)	37,892
Net position, beginning of year	<u>5,281,385</u>
Net position, end of year	<u><u>\$ 5,319,277</u></u>

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA) and the Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration and to promote economic growth within the downtown area. The DDA governing body consists of individuals that are appointed by the City's Commission. The City Commission approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Commission appoints the governing body of the brownfield redevelopment authority and has the ability to significantly influence operations of the brownfield redevelopment authority. Financial statements are not separately issued for the brownfield redevelopment authority. There was no current year activity in the Brownfield Redevelopment Authority.

Government-wide and Fund Financial Statements

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The City reports the following major governmental funds:

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

The *Major Streets Fund* - is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on major streets. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

The City reports the following major proprietary funds:

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

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

The *Sanitation Fund* is used to account for the cost of collecting and disposing of refuse on a user charge basis.

Additionally, the City reports the following fund types:

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

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *Permanent Fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for operations of the City that are financed by charges for the services provided.

The *Internal Service Funds* are used to account for shared services and equipment usage provided to the City departments and funds on a cost reimbursement basis.

The *Pension Trust Fund* is used to account for the operations of the City Act 345 Pension Plan which provides pension benefits to Public Safety Department employees.

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Budgets and Budgetary Accounting

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

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

Cash and Pooled Investments

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Investments

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

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

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

The City pension plan is also allowed to invest in corporate debt and equity securities.

Receivables/Due from Other Governments

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

Special Assessments Receivable

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

Inventory

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

Advances to Agency Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by nonspendable fund balance which indicates that the balance does not represent expendable available financial resources.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

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

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 to \$7,500 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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

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

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

	<u>Years</u>
Buildings	10-50
Vehicles and equipment	5-50
Public domain and system infrastructure	20-50

Unearned Revenue / Deferred Inflows

Unearned revenue is reported in connection with payments received for fire protection that have not yet been earned.

Funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* reported in the funds were as follows:

Governmental funds	Unearned Revenue	Deferred inflows
Fire protection contracts	\$212,764	\$ -
Unavailable receivables	-	125,801
Special assessments	-	2,077
		<hr/>
Total governmental funds	\$212,764	\$127,878
		<hr/>

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Discounts on bonds are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures/expenses regardless of fund or activity.

Pensions

For 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.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

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

Fund Balance can only be committed by resolution of the City Commission.

Net Position and Fund Balance Flow Assumptions

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

Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 15. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the agency funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

Income Taxes

The City has a local income tax for all city residents, businesses, and individuals working in the City. Income taxes receivable represents estimated income taxes for wages and profits through June 30, 2020 net of estimated refunds.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has items that qualify for reporting in this category related to the net pension liability which is discussed in Note 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. The fund statements report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, these items are scheduled below.

Governmental funds	Deferred inflows
Unavailable receivables	\$125,801
Special assessments	<u>2,077</u>
Total governmental funds	<u>\$127,878</u>

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

2. STATUTORY COMPLIANCE

Excess of expenditures over appropriations in budgetary funds

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

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

During the year ended June 30, 2020, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
General fund			
General government			
Treasurer's office	\$427,900	\$432,286	\$ (4,386)
Roben-hood Airport fund			
Culture and recreation	440,300	458,334	(18,034)

At year-end the City reported the following deficit in unrestricted net position:

Governmental Activities	\$(2,827,584)
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CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

3. CASH AND INVESTMENTS

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$7,882,275	\$35,509	\$ 257,233	\$ 8,175,017
Investments	-	-	5,247,557	5,247,557
	<u>\$7,882,275</u>	<u>\$35,509</u>	<u>\$5,504,790</u>	<u>\$13,422,574</u>

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

Deposits	\$ 6,980,718
Investments	6,439,056
Petty cash	<u>2,800</u>
Total	<u>\$13,422,574</u>

The deposits are in financial institutions in varying amounts. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$3,991,733 of the City's bank balance of \$6,629,666 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Money Market Accounts	N/A	\$ 673,426	Not Available	
GNMA pools	2025-2034	10,706	Not Available	
GNMA unit investment trust	N/A	589,361	Not Available	
Mutual funds				
Invesco Oppenheimer Global Strategic	N/A	157,761	1 Star	Morning Star
Invesco Quality Income	N/A	445,223	2 Star	Morning Star
Blackrock Low Duration Bond Portfolio	N/A	25,557	3 Star	Morning Star
Lord Abbett Short Duration Income Class A	N/A	17,966	4 Star	Morning Star
American Mutual Fund Class A	N/A	1,740,239	N/A	
Europacific Fund Class A	N/A	330,135	N/A	
Growth Fund of America Class A	N/A	421,242	N/A	
Investment Company of America Class A	N/A	1,394,438	N/A	
Small-Cap World Fund Class A	N/A	332,628	N/A	
Other Mutual funds	N/A	279,153	N/A	
Preferred stock				
HSBC Holdings 6.2%		15,270	N/A	
Common stock				
Motors Liquidation Co		56	N/A	
General Motors Rights and Warrants		<u>5,895</u>	N/A	
Total		<u>\$6,439,056</u>		

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

- The equity mutual funds, common stock and preferred stock investments are valued using quoted market prices (Level 1 inputs).
- The remaining investments including fixed income mutual funds are valued using a pricing model utilizing observable fair value measures and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- No investments are valued based on significant unobservable inputs (Level 3 inputs).

Investment and deposit risk

Interest Rate Risk. State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

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

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$6,439,056 of investments, the City has a custodial credit risk of \$621,288 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

4. ADVANCES BETWEEN FUNDS

Advances receivable and payable at June 30, 2020 were as follows:

<u>Receivable fund</u>	<u>Payroll Agency Fund</u>
General fund	<u>\$150,000</u>

Advances represent long-term loans between the general fund and the payroll agency fund primarily to provide cash flow for payroll clearing activities.

5. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2020 are as follows:

<u>Transfers out</u>	<u>General fund</u>	<u>Nonmajor governmental</u>	<u>Dial a ride</u>	<u>Waste-water</u>	<u>Total</u>
General fund	\$ -	\$652,200	\$153,300	\$ -	\$ 805,500
Major streets	87,600	401,700	-	-	489,300
Nonmajor governmental	154,400	57,800	-	-	212,200
Wastewater	265,000	-	-	-	265,000
Water	215,100	-	-	72,000	287,100
Sanitation	117,900	-	-	-	117,900
Dial A Ride	44,000	-	-	-	44,000
Internal service funds	195,500	-	-	-	195,500
Total	\$1,079,500	\$1,111,700	\$153,300	\$72,000	\$2,416,500

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

Interfund receivables and payables of individual funds at June 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable fund</u>				<u>Total</u>
	<u>Wastewater</u>	<u>Sanitation</u>	<u>Dial a ride</u>	<u>Nonmajor Governmental</u>	
General fund	\$138,400	\$45,411	\$116,298	\$9,800	\$309,909

Interfund balances reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,918,926	\$ -	\$ -	\$ 4,918,926
Construction in progress	64,905	-	-	64,905
Total capital assets, not being depreciated	4,983,831	-	-	4,983,831
Capital assets, being depreciated				
Buildings	12,626,433	-	-	12,626,433
Vehicles and equipment	8,149,353	233,315	31,443	8,351,225
Infrastructure	11,366,997	1,353,940	-	12,720,937
Total capital assets, being depreciated	32,142,783	1,587,255	31,443	33,698,595
Less accumulated depreciation for				
Buildings	7,825,237	164,227	-	7,989,464
Vehicles and equipment	5,581,219	300,464	31,443	5,850,240
Infrastructure	3,034,904	331,363	-	3,366,267
Total accumulated depreciation	16,441,360	796,054	31,443	17,205,971
Net capital assets, being depreciated	15,701,423	791,201	-	16,492,624
Governmental Activities capital assets, net	\$20,685,254	\$791,201	\$ -	\$21,476,455

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 374,821	\$ -	\$ -	\$ 374,821
Construction in progress	409,498	276,364	383,611	302,251
Total capital assets, not being depreciated	<u>784,319</u>	<u>276,364</u>	<u>383,611</u>	<u>677,072</u>
Capital assets being depreciated				
Buildings	13,446,451	300,371	-	13,746,822
Vehicles and equipment	7,494,948	658,205	-	8,153,153
Infrastructure	16,777,395	1,104,143	-	17,881,538
Total capital assets, being depreciated	<u>37,718,794</u>	<u>2,062,719</u>	<u>-</u>	<u>39,781,513</u>
Less accumulated depreciation for				
Buildings	6,163,746	408,549	-	6,572,295
Vehicles and equipment	5,248,400	261,418	-	5,509,818
Infrastructure	9,568,348	350,997	-	9,919,345
Total accumulated depreciation	<u>20,980,494</u>	<u>1,020,964</u>	<u>-</u>	<u>22,001,458</u>
Net capital assets, being depreciated	<u>16,738,300</u>	<u>1,041,755</u>	<u>-</u>	<u>17,780,055</u>
Business-type Activities capital assets, net	<u>\$17,522,619</u>	<u>\$1,318,119</u>	<u>\$383,611</u>	<u>\$18,457,127</u>

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

Governmental Activities	
General government	\$ 79,166
Public safety	105,126
Public works and streets	265,751
Culture and recreation	163,932
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	<u>182,079</u>
Total depreciation expense - governmental activities	<u>\$796,054</u>
Business-type Activities	
Wastewater	\$580,044
Water	375,995
Nonmajor enterprise funds	<u>64,925</u>
Total depreciation expense - business- type activities	<u>\$1,020,964</u>

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7. PENSION PLANS

The City provides the following pension plans to employees meeting specific requirements based on positions status, City policy and bargaining agreements:

Michigan Municipal Employees Retirement System (MERS)

Agent multiple employer defined benefit and defined contribution retirement plans

Self-administered Michigan Act 345 Retirement System

Single employer defined benefit and defined contribution retirement plans

Public Safety department bargaining unit employees and supervisory personnel (police and fire staff) participate in either the Act 345 Retirement System defined contribution or defined benefit plans. Remaining eligible employees participate in either the MERS defined contribution or defined benefit plans.

Total pension expense for all plans was \$1,739,552 for the year.

Defined Contribution Pension Plans

The City provides several defined contribution pension plans, which provide pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on year of service with 100% vesting occurring after 7 years of service. The City and participants contribute a percentage of participant salary to the plans based on the participant's position with the City. City contributions to the Act 345 plan range from 5.5% to 10% of salary and participants contributions range from 2% to 4.5% of salary. City contributions to the MERS plan range from 10% of salary and participant contributions range from 5% to 5.5% of salary. City contributions were \$425,377 and participant contributions were \$206,535 to the plans. The plan provisions and contribution amounts were established by the City Commission and may be amended by the Commission. The plans are administered as noted above.

Defined Benefit Plans

MERS Plan Description

The employer's 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 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 the MERS website at www.mersofmich.com.

Benefits Provided

Benefits provided include a multiplier 2.5 times final average compensation. Vesting period is 10 years. Normal retirement age is 60 with a number of early retirement options available. Final average compensation is calculated based on 3 to 5 years.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2019):

Active plan members	9
Inactive employees entitled but not yet receiving benefits	3
Inactive employees or beneficiaries currently receiving benefits	<u>54</u>
Total	<u>66</u>

This plan is closed to additional participants.

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was \$49,011 per month. Participating employees are required to contribute from 3.75% to 5.5% percent of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 11% based on age)

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

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

The actuarial assumptions used in the valuation were based on the results of the 2020 actuarial experience study.

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

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	60.0%	7.75%	3.15%
Global Fixed Income	20.0%	3.75%	0.25%
Private Investments	20.0%	9.75%	1.45%
Inflation			2.50%
Administrative fee			0.25%
Investment rate of return			7.60%

Discount rate

The discount rate used to measure the total pension liability is 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at December 31, 2018	\$14,846,498	\$8,994,118	\$5,852,380
Changes for the Year:			
Service cost	55,250	-	55,250
Interest	1,141,318	-	1,141,318
Change in benefits	516	-	516
Differences between expected and actual experience	167,262	-	167,262
Change in assumptions	467,561	-	467,561
Contributions: employer	-	576,918	(576,918)
Contributions: employee	-	85,566	(85,566)
Net investment income	-	1,193,573	(1,193,573)
Benefit payments, including refunds	(1,215,291)	(1,215,291)	-
Administrative expense	-	(20,536)	20,536
Other changes	-	-	-
Net changes	616,616	620,230	(3,614)
Balance at December 31, 2019	\$15,463,114	\$9,614,348	\$5,848,766

Funding of the MERS plan is provided primarily by the City general fund, wastewater and water funds.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.6%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.6%) or higher (8.6%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$16,879,006	\$15,463,114	\$14,240,767
Fiduciary net position	9,614,348	9,614,348	9,614,348
Net pension liability	<u>\$ 7,264,658</u>	<u>\$ 5,848,766</u>	<u>\$ 4,626,419</u>

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

For the year ended June 30, 2020 the employer recognized pension expense of \$1,214,635. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	\$ 38,644	\$ -
Contributions subsequent to the Measurement date*	294,066	-
Total	<u>\$332,710</u>	<u>\$ -</u>

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2020.

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

2021	\$(24,419)
2022	33,285
2023	129,175
2024	(99,397)
Thereafter	<u>-</u>
Total	<u>\$ 38,644</u>

ACT 345 Plan Description

Act 345 assigns the authority to establish and amend benefit provisions and contribution requirements to the City, subject to the terms of collective bargaining agreements. The City Treasurer administers the City of Big Rapids Policemen and Firemen Retirement System - a single-employer defined benefit pension plan that provides pensions for eligible public safety employees of the City. Management of the City of Big Rapids Policemen and Firemen Retirement system ("PFRS") is vested in the Act 345 Board, which consists of five members – one fireman, one policeman, the City Treasurer, and two at-large members.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Benefits Provided

The City of Big Rapids Policeman and Firemen Retirement System is a single-employer defined benefit pension plan that covers policemen and firemen employees of the City of Big Rapids. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The City is able to establish and amend the types of benefits offered through the plan, subject to the terms of collective bargaining agreements. This plan is closed to additional participants.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (June 30, 2020):

Active plan members	-
Inactive employees entitled but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	<u>22</u>
Total	<u>23</u>

Contributions

Plan members are required to contribute 6% of their annual covered salary depending on the applicable collective bargaining agreement and/or unit assignment. The City is required to contribute at an actuarially determined rate of \$493,035, of which \$493,100 was contributed to the plan in the current year. The City establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the June 30, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: N/A no active employees
- Investment rate of return: 7%, net of investment expense, including inflation
- Mortality: The RP-2014 generational mortality tables with blue collar adjustment and extended via cubic spline, The RP-2014 healthy annuitant generational mortality tables with blue collar adjustments and extended via cubic spline, and the RP-2014 disabled mortality table extended via cubic spline.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

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.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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>
Domestic Fixed Income	20%	2%
International Fixed Income	5%	3%
Domestic Equity	50%	6%
International Equity	15%	5%
Cash	10%	1%

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.46 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability is 7% which did not change from the prior year. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balance at July 1, 2019	\$6,451,646	\$5,281,384	\$1,170,262
Changes for the Year:			
Service cost	-	-	-
Interest	430,213	-	430,213
Change in benefits	-	-	-
Differences between expected and actual experience	(25,841)	-	(25,841)
Change in assumptions	-	-	-
Contributions: employer	-	709,810	(709,810)
Contributions: employee	-	134,378	(134,378)
Net investment income	-	184,839	(184,839)
Benefit payments, including refunds	(611,494)	(962,582)	351,088
Administrative expense	-	(11,575)	11,575
Other changes	-	(16,978)	16,978
Net changes	(207,122)	37,892	(245,014)
Balance at June 30, 2020	\$6,244,524	\$5,319,276	\$925,248

Funding of the ACT 345 plan is provided by the City general fund.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

The following presents the net pension liability of the employer, calculated using the discount rate of 8%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6%) or 1% higher (8%) than the current rate.

	1% Decrease	Current Discount rate	1 % Increase
Total pension liability	\$6,815,424	\$6,244,524	\$5,757,740
Fiduciary net position	5,319,276	5,319,276	5,319,276
Net pension liability	<u>\$1,496,148</u>	<u>\$ 925,248</u>	<u>\$ 438,464</u>

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

For the year ended June 30, 2020 the employer recognized pension expense of \$99,542. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Excess (deficit) investment returns	<u>\$ 101,725</u>	<u>\$ -</u>

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

2021	\$(10,625)
2022	27,736
2023	48,671
2024	35,943
Thereafter	<u>-</u>
Total	<u>\$101,725</u>

8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Public Offerings:					
2010 \$3,345,000 Unlimited Tax General Obligation refunding bonds; due in annual installments of \$235,000 to \$455,000 through 2021, plus interest at 2.0% to 4.0%	\$875,000	\$ -	\$ 420,000	\$455,000	\$455,000

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Direct Placement:					
2010 \$562,000 USDA Fire Truck General Obligation Bonds; due in annual installments of \$28,000 to \$49,000 through 2025, plus interest at 4%	\$ 269,000	\$ -	\$ 269,000	\$ -	\$ -
2010 \$1,400,000 USDA Community Hangar General Obligation Bonds; due in annual installments of \$25,000 to \$77,000 through 2040, plus interest at 2.5%	1,170,000	-	34,000	1,136,000	36,000
2014 \$530,000 Limited Tax General Obligation bonds; due in annual installments of \$45,000 to \$65,000 through 2024, plus interest at 0.95% to 3.05%	345,000	-	50,000	295,000	55,000
2013 \$550,000 Installment Purchase Contract; due in annual installments of \$45,000 to \$66,000 through 2022, plus interest at 2.29%	249,000	-	58,000	191,000	61,000
2015 \$278,491 Installment Purchase Contract, due in annual installments of \$61,314 through 2020, plus interest of 3.274%	59,370	-	59,370	-	-
2015 USDA \$158,972 Relending Program, due in annual installments of \$12,735 through 2040, plus interest of 1.00%	124,429	-	5,738	118,691	5,795
2018 \$120,000 Installment Purchase Contract, due in annual installments of \$41,813 through 2021, plus interest of 2.250%	120,000	-	39,113	80,887	39,993
Total	3,211,799	-	935,221	2,276,578	652,788
Accrued employee benefits	427,956	445,119	330,512	542,563	361,709
Total Governmental Activities	\$3,639,755	\$445,119	\$1,265,733	\$2,819,141	\$1,014,497

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2020</u>	Due Within One Year
Business-type Activities					
2009 Act 94 Sewage Disposal System Bonds, due in annual installments of \$310,000 to \$500,000 through 2030, plus interest at 2.5%	\$5,245,000	\$ -	\$380,000	\$4,865,000	\$390,000
Accrued employee benefits	78,402	54,277	53,683	78,996	52,664
Total Business-type Activities	<u>\$5,323,402</u>	<u>\$54,277</u>	<u>\$433,683</u>	<u>\$4,943,996</u>	<u>\$442,664</u>

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2020 are as follows:

Year Ending <u>June 30</u>	Governmental Activities			
	<u>Direct placement</u>		<u>Public Offerings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 197,788	\$ 55,262	\$455,000	\$18,200
2022	202,747	50,487	-	-
2023	169,912	45,314	-	-
2024	105,971	41,490	-	-
2025	113,030	38,093	-	-
2026-2030	266,069	159,373	-	-
2031-2035	318,653	109,019	-	-
2036-2040	370,408	48,366	-	-
2041-2045	77,000	1,444	-	-
Total	<u>\$1,821,578</u>	<u>\$548,848</u>	<u>\$455,000</u>	<u>\$18,200</u>

Year Ending <u>June 30</u>	Business-type Activities	
	<u>Direct placement</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 390,000	\$116,750
2022	400,000	106,875
2023	410,000	96,750
2024	420,000	86,375
2025	430,000	75,750
2026-2030	2,315,000	210,063
2031-2035	500,000	6,250
Total	<u>\$4,865,000</u>	<u>\$698,813</u>

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The outstanding direct placement debt contains the following provisions:

USDA related items: the entity shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

Limited tax general obligation bonds: the entity shall be required to use money levied by an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

Act 94 bonds are primarily payable from system revenues, but, as additional security, the City also pledged its full faith and credit for repayment of the bond. So, if system revenues are insufficient to make debt service payments, the City is obligated under the bond documents to pay debt service from its general fund or any other legally available funds.

Installment note: the entity has pledged its limited full faith and credit

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance and participates in the Michigan Municipal Liability and Property Pool (the Pool). The City is covered for property and liability coverage through the pool. The City's contributions to the Pool are combined with other member contributions to provide members with coverage for property and liability claims. Funds not needed to pay claims or maintain reserves are either distributed to the members or credited toward future contributions. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year.

10. ECONOMIC DEPENDENCY

Ferris State University is a major customer of the City's wastewater and water funds. During the year ended June 30, 2020, revenue attributable to charges for these services was recognized in the City's wastewater and water funds in the amount of \$570,373 and \$662,358 respectively.

11. DETACHMENT SETTLEMENT

As a result of an election on May 14, 1991, a total of 1,124 acres of City property was detached from the City and transferred to the adjoining Big Rapids Township. Various real property owned by the City of Big Rapids (airport, community swimming pool and cemetery) are located in the detached area. Ownership of the cemetery transferred to the Township by operation of law at the date of detachment.

Negotiations between the City and the Township regarding other City property, apportionment of City assets and debt, and other issues resulted in a Mutual Settlement Agreement between the two units on October 20, 1992. As a result of the settlement, no apportionment of City assets and debt as of the date of detachment was made; the City retained ownership of the airport and swimming pool; and state shared revenues received by the City arising from the detached area from May 14, 1991 to June 30, 1992 were paid to the Township (total amount of \$43,499). State revenue sharing is allocated to the City and Township based on corrected population after that date.

CITY OF BIG RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

12. LITIGATION

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

13. COMMITMENTS

At June 30, 2020, the City had remaining commitments on construction contracts and purchase agreements totaling approximately \$495,000.

14. TAX ABATEMENTS

The City entered into property tax abatements agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 12 years as determined by the local unit of government. The agreements entered into by the City include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The IFT is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

For the year ended June 30, 2020 the amount of abated taxes was not significant.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 3,436,100	\$ 3,436,100	\$ 3,562,208	\$ 126,108
City income tax	2,376,100	2,376,100	2,355,835	(20,265)
Intergovernmental revenues				
Federal	11,800	21,000	19,372	(1,628)
State	3,839,600	4,160,800	1,844,321	(2,316,479)
Local	-	-	14,154	14,154
Licenses and permits	67,800	67,800	155,182	87,382
Charges for services	669,600	669,600	592,961	(76,639)
Fines	81,600	81,600	67,806	(13,794)
Special assessments	8,000	8,000	6,378	(1,622)
Investment earnings	60,000	60,000	54,635	(5,365)
Miscellaneous	47,900	47,900	72,085	24,185
Total revenues	10,598,500	10,928,900	8,744,937	(2,183,963)
Expenditures				
Current				
General government	2,737,400	2,808,500	2,717,102	91,398
Public safety	3,897,700	3,840,700	3,820,972	19,728
Public works	3,301,200	3,467,500	887,792	2,579,708
Culture and recreation	594,400	690,400	665,119	25,281
Debt service				
Principal	619,600	847,600	845,483	2,117
Interest and fiscal charges	53,600	51,700	53,563	(1,863)
Total expenditures	11,203,900	11,706,400	8,990,031	2,716,369
Revenues over (under) expenditures	(605,400)	(777,500)	(245,094)	(4,900,332)
Other financing sources (uses)				
Transfers in	1,079,500	1,079,500	1,079,500	-
Transfers out	(696,500)	(808,000)	(805,500)	2,500
Total other financing sources (uses)	383,000	271,500	274,000	2,500
Net changes in fund balance	(222,400)	(506,000)	28,906	534,906
Fund balance, beginning of year	1,459,502	1,459,502	1,459,502	-
Fund balance, end of year	\$ 1,237,102	\$ 953,502	\$ 1,488,408	\$ 534,906

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
Federal	\$ -	\$ -	\$ 694,120	\$ 694,120
State	911,000	923,900	903,351	(20,549)
Investment earnings	1,000	1,000	6,149	5,149
Miscellaneous	500	500	100	(400)
Total revenues	912,500	925,400	1,603,720	678,320
Expenditures				
Current				
Public works	754,500	1,967,400	1,101,180	866,220
Revenues over (under) expenditures	158,000	(1,042,000)	502,540	1,544,540
Other financing sources				
Transfers out	(435,900)	(505,600)	(489,300)	16,300
Net changes in fund balance	158,000	(1,547,600)	13,240	1,560,840
Fund balance, beginning of year	705,893	705,893	705,893	-
Fund balance, end of year	\$ 863,893	\$ (841,707)	\$ 719,133	\$ 1,560,840

CITY OF BIG RAPIDS

DEFINED BENEFIT PENSION PLAN - MERS SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 55,250	\$ 56,052	\$ 69,985	\$ 81,621	\$ 95,174	\$ 105,372
Interest	1,141,318	1,130,043	1,157,863	1,154,036	1,112,912	1,088,848
Changes in benefit terms	516	-	8,347	(504)	(814)	-
Difference between expected and actual experience	167,262	113,259	(486,289)	(144,180)	8,493	-
Changes in assumptions	467,561	-	-	-	687,015	-
Benefit payments including employee refunds	(1,215,291)	(1,100,733)	(1,080,637)	(993,980)	(926,917)	(867,951)
Other	-	-	-	-	-	-
Net change in total pension liability	616,616	198,621	(330,731)	96,993	975,863	326,269
Total pension liability, beginning of year	14,846,498	14,647,877	14,978,608	14,881,615	13,905,752	13,579,483
Total pension liability, end of year	\$ 15,463,114	\$ 14,846,498	\$ 14,647,877	\$ 14,978,608	\$ 14,881,615	\$ 13,905,752
Plan Fiduciary Net Position						
Contributions-employer	\$ 576,918	\$ 571,124	\$ 667,026	\$ 728,574	\$ 668,316	\$ 605,874
Contributions-employee	85,566	31,064	31,709	32,523	34,095	34,526
Net investment income	1,193,573	(372,796)	1,190,959	950,099	(130,422)	533,290
Benefit payments including employee refunds	(1,215,291)	(1,100,733)	(1,080,637)	(993,980)	(926,917)	(867,951)
Administrative expense	(20,536)	(18,858)	(18,915)	(18,722)	(19,126)	(19,570)
Net change in plan fiduciary net position	620,230	(890,199)	790,142	698,494	(374,054)	286,169
Plan fiduciary net position, beginning of year	8,994,118	9,884,317	9,094,175	8,395,681	8,769,735	8,483,566
Plan fiduciary net position, end of year	\$ 9,614,348	\$ 8,994,118	\$ 9,884,317	\$ 9,094,175	\$ 8,395,681	\$ 8,769,735
Employer net pension liability	\$ 5,848,766	\$ 5,852,380	\$ 4,763,560	\$ 5,884,433	\$ 6,485,934	\$ 5,136,017
Plan fiduciary net position as a percentage of the total pension liability	62%	61%	67%	61%	56%	63%
Covered payroll	\$ 517,703	\$ 530,086	\$ 663,961	\$ 786,272	\$ 928,233	\$ 1,027,960
Employer's net pension liability as a percentage of covered payroll	1130%	1104%	717%	748%	699%	500%

Notes to schedule:

Above data is based on a December 31 measurement date.

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

CITY OF BIG RAPIDS

DEFINED BENEFIT PENSION PLAN - MERS SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2020

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
6/30/2015	\$ 605,874	\$ 605,874	\$ -	\$ 1,027,960	59%
6/30/2016	668,316	668,316	-	928,233	72%
6/30/2017	758,703	758,703	-	786,272	96%
6/30/2018	698,735	698,735	-	663,961	105%
6/30/2019	565,704	565,704	-	602,037	94%
6/30/2020	588,132	588,132	-	514,703	114%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed (10 year smoothing 2014)
Inflation	2.5% (3.5% 2014)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	7.35% (7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	50% female/ 50% male RP-2014 mortality table

Note to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF BIG RAPIDS

DEFINED BENEFIT PENSION PLAN - ACT 345 SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 13,580	\$ 14,096	\$ 13,406
Interest	430,213	442,460	458,023	469,725	461,921	470,783	457,463
Changes in benefit terms	-	-	-	-	279,030	-	-
Difference between expected and actual experience	(25,841)	-	(12,780)	-	-	-	-
Changes in assumptions	-	-	(38,919)	-	-	-	308,815
Benefit payments including employee refunds	(611,494)	(623,334)	(633,979)	(639,800)	(632,719)	(589,742)	(589,742)
Other	-	-	-	-	-	-	-
Net change in total pension liability	<u>(207,122)</u>	<u>(180,874)</u>	<u>(227,655)</u>	<u>(170,075)</u>	<u>121,812</u>	<u>(104,863)</u>	<u>189,942</u>
Total pension liability, beginning of year	<u>6,451,646</u>	<u>6,632,520</u>	<u>6,860,175</u>	<u>7,030,250</u>	<u>6,908,438</u>	<u>7,013,301</u>	<u>6,823,359</u>
Total pension liability, end of year	<u>\$ 6,244,524</u>	<u>\$ 6,451,646</u>	<u>\$ 6,632,520</u>	<u>\$ 6,860,175</u>	<u>\$ 7,030,250</u>	<u>\$ 6,908,438</u>	<u>\$ 7,013,301</u>
Plan Fiduciary Net Position							
Contributions-employer	\$ 709,810	\$ 731,376	\$ 718,277	\$ 691,687	\$ 457,500	\$ 701,837	\$ 656,937
Contributions-employee	134,378	136,617	127,763	124,056	2,559	136,602	128,514
Net investment income	184,839	291,517	440,312	504,671	110,794	154,466	629,077
Benefit payments including employee refunds	(962,582)	(983,627)	(972,319)	(974,690)	(632,719)	(923,914)	(913,264)
Administrative expense	(11,575)	(29,675)	(12,325)	(23,500)	(11,589)	(16,825)	(4,800)
Other	(16,978)	(22,426)	(16,408)	(21,279)	(19,414)	(17,907)	(15,679)
Net change in plan fiduciary net position	<u>37,892</u>	<u>123,782</u>	<u>285,300</u>	<u>300,945</u>	<u>(92,869)</u>	<u>34,259</u>	<u>480,785</u>
Plan fiduciary net position, beginning of year	<u>5,281,384</u>	<u>5,157,602</u>	<u>4,872,302</u>	<u>4,571,357</u>	<u>4,664,226</u>	<u>4,629,967</u>	<u>4,149,182</u>
Plan fiduciary net position, end of year	<u>\$ 5,319,276</u>	<u>\$ 5,281,384</u>	<u>\$ 5,157,602</u>	<u>\$ 4,872,302</u>	<u>\$ 4,571,357</u>	<u>\$ 4,664,226</u>	<u>\$ 4,629,967</u>
Employer net pension liability	<u>\$ 925,248</u>	<u>\$ 1,170,262</u>	<u>\$ 1,474,918</u>	<u>\$ 1,987,873</u>	<u>\$ 2,458,893</u>	<u>\$ 2,244,212</u>	<u>\$ 2,383,334</u>
Plan fiduciary net position as a percentage of the total pension liability	85%	82%	78%	71%	65%	68%	66%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 13,910	\$ 71,122	\$ 73,822
Employer's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	17677%	3155%	3228%

Notes to schedule:

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

CITY OF BIG RAPIDS

DEFINED BENEFIT PENSION PLAN - ACT 345 SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2020

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
6/30/2014	\$ 457,423	\$ 457,500	\$ (77)	\$ 73,822	620%
6/30/2015	457,457	500,000	(42,543)	71,122	703%
6/30/2016	457,457	457,500	(43)	13,910	3289%
6/30/2017	507,614	480,853	26,761	-	n/a
6/30/2018	507,614	507,700	(86)	-	n/a
6/30/2019	493,035	507,700	(14,665)	-	n/a
6/30/2020	493,035	493,100	(65)	-	n/a

Notes to schedule

Actuarial cost method	N/A
Amortization method	Level Dollar, closed
Remaining amortization period	4 years
Asset valuation method	4 year smoothed market
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	N/A
Mortality	RP 2014 mortality tables

Note to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented

CITY OF BIG RAPIDS

DEFINED BENEFIT PENSION PLAN - ACT 345 SCHEDULE OF INVESTMENT RETURNS

FOR THE YEAR ENDED JUNE 30, 2020

Fiscal Year end	Annual money-weighted rate of return net of investment expense
6/30/2014	15.12%
6/30/2015	2.64%
6/30/2016	1.73%
6/30/2017	9.95%
6/30/2018	8.33%
6/30/2019	5.62%
6/30/2020	3.46%

Note to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented

Note to requires supplementary information

Basis of Accounting

Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principals (GAAP).

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BIG RAPIDS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
City Commission	\$ 118,500	\$ 117,400	\$ 115,883	\$ 1,517
City Managers office	160,300	180,600	179,779	821
Elections	20,100	17,200	15,633	1,567
Assessor	143,900	157,300	153,571	3,729
City Attorney	261,300	237,200	235,754	1,446
Clerks office	127,400	142,700	142,349	351
Treasurers office	370,800	427,900	432,286	(4,386)
Income tax administration	198,900	198,400	191,171	7,229
Information management	697,500	642,600	577,720	64,880
Public buildings	101,600	164,500	160,454	4,046
Personnel administration	223,800	212,500	210,018	2,482
Neighborhood services	311,800	308,700	301,809	6,891
Planning Board	1,500	1,500	675	825
	<u>2,737,400</u>	<u>2,808,500</u>	<u>2,717,102</u>	<u>91,398</u>
Public safety				
Police Department	2,278,100	2,267,700	2,254,476	13,224
Fire Department	990,000	996,500	994,428	2,072
Other public safety	629,600	576,500	572,068	4,432
	<u>3,897,700</u>	<u>3,840,700</u>	<u>3,820,972</u>	<u>19,728</u>
Public works				
Public service	489,200	507,200	503,381	3,819
Sidewalks, alleys and storm sewers	238,000	308,000	200,485	107,515
Parking	166,100	141,100	85,262	55,838
City decorations	2,407,900	2,511,200	98,664	2,412,536
	<u>3,301,200</u>	<u>3,467,500</u>	<u>887,792</u>	<u>2,579,708</u>
Culture and recreation				
Parks	475,500	571,500	560,944	10,556
Recreation program	118,900	118,900	104,175	14,725
	<u>594,400</u>	<u>690,400</u>	<u>665,119</u>	<u>25,281</u>
Debt service				
Principal	619,600	847,600	845,483	2,117
Interest and fiscal charges	53,600	51,700	53,563	(1,863)
	<u>673,200</u>	<u>899,300</u>	<u>899,046</u>	<u>254</u>
Total expenditures	<u>\$ 11,203,900</u>	<u>\$ 11,706,400</u>	<u>\$ 8,990,031</u>	<u>\$ 2,716,369</u>

CITY OF BIG RAPIDS

FUND AND COMPONENT UNIT DESCRIPTIONS

SPECIAL REVENUE FUNDS

Local Streets Fund - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Library Fund - This fund is used to account separately for activities of the City Library.

Pool - This fund is used to account for revenues and expenditures resulting from pool operations.

Dog Park - This fund is used to account for revenues and expenditures resulting from dog park operations.

The Robin-Hood Airport Fund is used to account for the revenues and expenditures of the Robin-Hood Airport.

Jennings Fund - This fund is used to account for donations and income which is legally restricted for the purpose of the gift which supports City activities.

Riverwalk Fund - This fund is used to account for donations and expenditures related to the City Riverwalk maintenance and improvements.

River Safety Fund - This fund is used to account for donations and expenditures related to river safety maintenance and improvements.

Holland Park Veterans Memorial - This fund is used to account for donations and expenditures related to the Holland Park Veterans Memorial maintenance and improvements.

Disc Golf - This fund is used to account for donations and expenditures related to the disk golf maintenance and improvements.

Skate Park - This fund is used to account for donations and expenditures related to the skate park maintenance and improvements.

Debt Service

Refunding Program - This fund is used to account for the accumulation and disbursement of resources for the refunding bond debt service.

CAPITAL PROJECTS

City Hall Projects - These funds are used to account for the accumulation and disbursement of resources for the renovation of the City Hall.

Library Improvements - These funds are used to account for the accumulation and disbursement of resources for the renovation of the City library.

CITY OF BIG RAPIDS

FUND AND COMPONENT UNIT DESCRIPTIONS

PERMANENT FUND

Playscape Fund - This fund is used to account for donations and expenditures related to the City playscape park for which only the interest on the corpus may be expended.

INTERNAL SERVICE FUNDS

Motor Pool Fund - This fund is used to account for the purchase, maintenance and operation of most motor vehicles and other equipment for City operations. The equipment is rented to the other operating funds at hourly rental rates to cover costs of the fund.

D.P.W Service Fund - This fund is used to facilitate the accounting for supervision, labor and fringe benefits of the Public Works Department. Revenues of this fund represent allocations of these costs to the various funds based on the actual salary cost of Public Works Department employees in each fund.

AGENCY FUNDS

Current Tax Fund - This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state county, school districts and other governments.

Payroll Fund - This fund is used to account for receipt and disbursement of payroll withholdings.

Trust & Agency Fund - This fund is used to account for receipt and disbursement of various balances held by the City on behalf of other entities.

COMPONENT UNIT

Downtown Development Authority - The DDA is used to account for activities designed to correct and prevent deterioration in the downtown area and promote economic growth within downtown.

CITY OF BIG RAPIDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue							
	<u>Local Streets</u>	<u>Library</u>	<u>Pool</u>	<u>Dog Park</u>	<u>Roben-Hood Airport</u>	<u>Jennings</u>	<u>Riverwalk</u>	<u>River Safety</u>
Assets								
Cash and pooled investments	\$ 321,723	\$ 146,891	\$ 85,962	\$ 2,391	\$ 92	\$ 6,497	\$ 28	\$ 8,497
Accounts receivable	100	141	182	-	18,052	-	-	-
Due from other governments	38,069	44,285	-	-	-	-	-	-
Inventory	-	-	-	-	16,321	-	-	-
Total assets	<u>\$ 359,892</u>	<u>\$ 191,317</u>	<u>\$ 86,144</u>	<u>\$ 2,391</u>	<u>\$ 34,465</u>	<u>\$ 6,497</u>	<u>\$ 28</u>	<u>\$ 8,497</u>
Liabilities, deferred inflows, and fund balances								
Liabilities								
Accounts payable	\$ 210,354	\$ 4,844	\$ -	\$ -	\$ (905)	\$ -	\$ -	\$ -
Accrued liabilities	-	5,315	-	-	3,221	-	-	-
Due to other funds	-	-	-	-	9,800	-	-	-
Total liabilities	<u>210,354</u>	<u>10,159</u>	<u>-</u>	<u>-</u>	<u>12,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances								
NonSpendable								
Permanent fund corpus	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	16,321	-	-	-
Restricted								
Streets	149,538	-	-	-	-	-	-	-
Library	-	181,158	-	-	-	-	-	-
Restricted contributions	-	-	-	2,391	-	6,497	-	-
Permanent fund - expendable	-	-	-	-	-	-	-	-
Assigned								
Pool operations	-	-	86,144	-	-	-	-	-
Airport operations	-	-	-	-	6,028	-	-	-
Riverwalk and safety	-	-	-	-	-	-	28	8,497
Capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>149,538</u>	<u>181,158</u>	<u>86,144</u>	<u>2,391</u>	<u>22,349</u>	<u>6,497</u>	<u>28</u>	<u>8,497</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 359,892</u>	<u>\$ 191,317</u>	<u>\$ 86,144</u>	<u>\$ 2,391</u>	<u>\$ 34,465</u>	<u>\$ 6,497</u>	<u>\$ 28</u>	<u>\$ 8,497</u>

				Debt Service	Capital Projects	Permanent	
Holland Park							
Veterans Memorial	Disc Golf	Skate Park	Relending Program	City Hall Project	Library Improvement	Playscape	Total
\$ 20,870	\$ 708	\$ 1,802	\$ 54,817	\$42,414	\$ 1,268	\$ 17,624	\$ 711,584
-	-	-	125,801	-	-	-	144,276
-	-	-	-	-	-	-	82,354
-	-	-	-	-	-	-	16,321
<u>\$ 20,870</u>	<u>\$ 708</u>	<u>\$ 1,802</u>	<u>\$180,618</u>	<u>\$42,414</u>	<u>\$ 1,268</u>	<u>\$ 17,624</u>	<u>\$ 954,535</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,293
-	-	-	-	-	-	-	8,536
-	-	-	-	-	-	-	9,800
-	-	-	-	-	-	-	232,629
-	-	-	125,801	-	-	-	125,801
-	-	-	-	-	-	17,000	17,000
-	-	-	-	-	-	-	16,321
-	-	-	-	-	-	-	149,538
-	-	-	-	-	-	-	181,158
-	-	-	-	-	-	-	8,888
-	-	-	-	-	-	624	624
-	-	-	-	-	-	-	86,144
-	-	-	-	-	-	-	6,028
20,870	708	1,802	54,817	-	-	-	86,722
-	-	-	-	42,414	1,268	-	43,682
-	-	-	-	-	-	-	-
<u>20,870</u>	<u>708</u>	<u>1,802</u>	<u>54,817</u>	<u>42,414</u>	<u>1,268</u>	<u>17,624</u>	<u>596,105</u>
<u>\$ 20,870</u>	<u>\$ 708</u>	<u>\$ 1,802</u>	<u>\$180,618</u>	<u>\$42,414</u>	<u>\$ 1,268</u>	<u>\$ 17,624</u>	<u>\$ 954,535</u>

CITY OF BIG RAPIDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue							
	<u>Local Streets</u>	<u>Library</u>	<u>Pool</u>	<u>Dog Park</u>	<u>Roben-Hood Airport</u>	<u>Jennings</u>	<u>Riverwalk</u>	<u>River Safety</u>
Revenues								
Taxes	\$ -	\$ 184,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues								
State	287,052	20,956	-	-	-	-	-	-
Local	-	-	-	-	210,710	-	-	-
Charges for services	-	6,832	8,553	-	-	-	-	-
Fines	-	84,615	-	-	-	-	-	-
Special assessments	567	-	-	-	12	-	-	-
Investment earnings	2,227	2,193	799	-	-	122	2	120
Miscellaneous	100	14,915	182	1,033	74,256	-	-	-
Total revenues	<u>289,946</u>	<u>313,584</u>	<u>9,534</u>	<u>1,033</u>	<u>284,978</u>	<u>122</u>	<u>2</u>	<u>120</u>
Expenditures								
Current								
Public works	781,003	-	-	-	381,096	-	-	-
Culture and recreation	-	374,567	99,728	370	-	10,000	5,062	-
Debt Service								
Principal	-	-	-	-	34,000	-	-	-
Interest	-	-	-	-	43,238	-	-	-
Total expenditures	<u>781,003</u>	<u>374,567</u>	<u>99,728</u>	<u>370</u>	<u>458,334</u>	<u>10,000</u>	<u>5,062</u>	<u>-</u>
Revenues over (under) expenditures	<u>(491,057)</u>	<u>(60,983)</u>	<u>(90,194)</u>	<u>663</u>	<u>(173,356)</u>	<u>(9,878)</u>	<u>(5,060)</u>	<u>120</u>
Other financing sources (uses)								
Transfers in	556,900	176,300	114,400	-	203,200	-	3,100	-
Transfers out	(51,700)	(111,500)	(12,200)	-	(36,800)	-	-	-
Total other financing sources (uses)	<u>505,200</u>	<u>64,800</u>	<u>102,200</u>	<u>-</u>	<u>166,400</u>	<u>-</u>	<u>3,100</u>	<u>-</u>
Net changes in fund balances	14,143	3,817	12,006	663	(6,956)	(9,878)	(1,960)	120
Fund balances, beginning of year	<u>135,395</u>	<u>177,341</u>	<u>74,138</u>	<u>1,728</u>	<u>29,305</u>	<u>16,375</u>	<u>1,988</u>	<u>8,377</u>
Fund balances, end of year	<u>\$ 149,538</u>	<u>\$ 181,158</u>	<u>\$ 86,144</u>	<u>\$ 2,391</u>	<u>\$ 22,349</u>	<u>\$ 6,497</u>	<u>\$ 28</u>	<u>\$ 8,497</u>

			<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	<u>Permanent</u>		
Holland Park							
Veterans							
Memorial	Disc Golf	Skate Park	Relending	City Hall	Library	Playscape	Total
			Program	Project	Improvement		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,073
-	-	-	-	-	-	-	308,008
-	-	-	-	-	-	-	210,710
-	-	-	-	-	-	-	15,385
-	-	-	-	-	-	-	84,615
-	-	-	-	-	-	-	579
294	10	25	10,243	598	7	253	16,893
250	-	-	855	-	-	-	91,591
544	10	25	11,098	598	7	253	911,854
-	-	-	-	-	-	-	1,162,099
193	-	-	-	-	-	1,500	491,420
-	-	-	5,738	-	50,000	-	89,738
-	-	-	1,244	-	7,733	-	52,215
193	-	-	6,982	-	57,733	1,500	1,795,472
351	10	25	4,116	598	(57,726)	(1,247)	(883,618)
-	-	-	-	-	57,800	-	1,111,700
-	-	-	-	-	-	-	(212,200)
-	-	-	-	-	57,800	-	899,500
351	10	25	4,116	598	74	(1,247)	15,882
20,519	698	1,777	50,701	41,816	1,194	18,871	580,223
\$ 20,870	\$ 708	\$ 1,802	\$ 54,817	\$ 42,414	\$ 1,268	\$ 17,624	\$ 596,105

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 232,400	\$ 232,400	\$ 287,052	\$ 54,652
Special assessment	-	-	567	567
Investment earnings	1,000	1,000	2,227	1,227
Miscellaneous	<u>500</u>	<u>500</u>	<u>100</u>	<u>(400)</u>
Total revenues	233,900	233,900	289,946	56,046
Expenditures				
Current				
Public works	<u>820,000</u>	<u>919,700</u>	<u>781,003</u>	<u>138,697</u>
Revenues over (under) expenditures	<u>(586,100)</u>	<u>(685,800)</u>	<u>(491,057)</u>	<u>194,743</u>
Other financing source (uses)				
Transfers in	503,500	573,200	556,900	(16,300)
Transfers out	<u>(51,700)</u>	<u>(51,700)</u>	<u>(51,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>451,800</u>	<u>521,500</u>	<u>505,200</u>	<u>(16,300)</u>
Net changes in fund balance	(134,300)	(164,300)	14,143	178,443
Fund balance, beginning of year	<u>135,395</u>	<u>135,395</u>	<u>135,395</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,095</u>	<u>\$ (28,905)</u>	<u>\$ 149,538</u>	<u>\$ 178,443</u>

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 183,200	\$ 183,200	\$ 184,073	\$ 873
Intergovernmental revenues				
State	14,000	14,000	20,956	6,956
Charges for services	6,100	6,100	6,832	732
Fines	120,000	120,000	84,615	(35,385)
Investment earnings	500	500	2,193	1,693
Miscellaneous	16,700	16,700	14,915	(1,785)
Total revenues	340,500	340,500	313,584	(26,916)
Expenditures				
Current				
Culture and recreation	418,100	564,400	374,567	189,833
Revenues over (under) expenditures	(77,600)	(223,900)	(60,983)	162,917
Other financing source (uses)				
Transfers in	150,000	176,300	176,300	-
Transfers out	(111,500)	(111,500)	(111,500)	-
Total other financing sources (uses)	38,500	64,800	64,800	-
Net changes in fund balance	(39,100)	(159,100)	3,817	162,917
Fund balance, beginning of year	177,341	177,341	177,341	-
Fund balance, end of year	\$ 138,241	\$ 18,241	\$ 181,158	\$ 162,917

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Charges for services	\$ 41,000	\$ 41,000	\$ 8,553	\$ (32,447)
Investment earnings	100	100	799	699
Miscellaneous	<u>200</u>	<u>200</u>	<u>182</u>	<u>(18)</u>
Total revenues	41,300	41,300	9,534	(31,766)
Expenditures				
Current				
Culture and recreation	<u>143,500</u>	<u>187,400</u>	<u>99,728</u>	<u>87,672</u>
Revenues over (under) expenditures	<u>(102,200)</u>	<u>(146,100)</u>	<u>(90,194)</u>	<u>55,906</u>
Other financing source (uses)				
Transfers in	114,400	114,400	114,400	-
Transfers out	<u>(12,200)</u>	<u>(12,200)</u>	<u>(12,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>102,200</u>	<u>102,200</u>	<u>102,200</u>	<u>-</u>
Net changes in fund balance	-	(43,900)	12,006	55,906
Fund balance, beginning of year	<u>74,138</u>	<u>74,138</u>	<u>74,138</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 74,138</u></u>	<u><u>\$ 30,238</u></u>	<u><u>\$ 86,144</u></u>	<u><u>\$ 55,906</u></u>

CITY OF BIG RAPIDS

DOG PARK FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Miscellaneous	\$ 500	\$ 500	\$ 1,033	\$ 533
Expenditures				
Current				
Culture and recreation	<u>500</u>	<u>500</u>	<u>370</u>	<u>130</u>
Net changes in fund balance	-	-	663	663
Fund balance, beginning of year	<u>1,728</u>	<u>1,728</u>	<u>1,728</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,728</u>	<u>\$ 1,728</u>	<u>\$ 2,391</u>	<u>\$ 663</u>

CITY OF BIG RAPIDS

ROBEN-HOOD AIRPORT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 243,000	\$ 243,000	\$ 210,710	\$ (32,290)
Investment earnings	-	-	12	12
Miscellaneous	70,000	70,000	74,256	4,256
Total revenues	<u>313,000</u>	<u>313,000</u>	<u>284,978</u>	<u>(28,022)</u>
Expenditures				
Current				
Culture and recreation	353,600	363,000	381,096	(18,096)
Debt service				
Principal	34,000	34,000	34,000	-
Interest	43,300	43,300	43,238	62
Total expenditures	<u>430,900</u>	<u>440,300</u>	<u>458,334</u>	<u>(18,034)</u>
Revenues over (under) expenditures	<u>(117,900)</u>	<u>(127,300)</u>	<u>(173,356)</u>	<u>(46,056)</u>
Other financing source (uses)				
Transfers in	154,700	199,100	203,200	4,100
Transfers out	(36,800)	(36,800)	(36,800)	-
Total other financing sources (uses)	<u>117,900</u>	<u>162,300</u>	<u>166,400</u>	<u>4,100</u>
Net changes in fund balance	-	35,000	(6,956)	(41,956)
Fund balance, beginning of year	<u>29,305</u>	<u>29,305</u>	<u>29,305</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,305</u>	<u>\$ 64,305</u>	<u>\$ 22,349</u>	<u>\$ (41,956)</u>

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 122	\$ 22
Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total revenues	1,600	1,600	122	(1,478)
Expenditures				
Current				
Culture and recreation	<u>1,500</u>	<u>11,500</u>	<u>10,000</u>	<u>1,500</u>
Net changes in fund balance	100	(9,900)	(9,878)	22
Fund balance, beginning of year	<u>16,375</u>	<u>16,375</u>	<u>16,375</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,475</u>	<u>\$ 6,475</u>	<u>\$ 6,497</u>	<u>\$ 22</u>

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 2	\$ (98)
Miscellaneous	11,000	11,000	-	(11,000)
Total revenues	11,100	11,100	2	(11,098)
Expenditures				
Current				
Culture and recreation	11,000	16,000	5,062	10,938
Revenues over (under) expenditures	100	(4,900)	(5,060)	(160)
Other financing source (uses)				
Transfers in	-	-	3,100	3,100
Net changes in fund balance	100	(4,900)	(1,960)	2,940
Fund balance, beginning of year	1,988	1,988	1,988	-
Fund balance, end of year	<u>\$ 2,088</u>	<u>\$ (2,912)</u>	<u>\$ 28</u>	<u>\$ 2,940</u>

CITY OF BIG RAPIDS

RIVER SAFETY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 120	\$ 20
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	1,100	1,100	120	(980)
Expenditures				
Current				
Public safety	<u>9,300</u>	<u>9,300</u>	<u>-</u>	<u>9,300</u>
Net changes in fund balance	(8,200)	(8,200)	120	8,320
Fund balance, beginning of year	<u>8,377</u>	<u>8,377</u>	<u>8,377</u>	<u>-</u>
Fund balance, end of year	<u>\$ 177</u>	<u>\$ 177</u>	<u>\$ 8,497</u>	<u>\$ 8,320</u>

CITY OF BIG RAPIDS

HOLLAND PARK VETERANS MEMORIAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Investment earnings	\$ -	\$ -	\$ 294	\$ 294
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>250</u>	<u>(750)</u>
Total revenues	1,000	1,000	544	(456)
Expenditures				
Current				
Culture and recreation	<u>5,000</u>	<u>5,000</u>	<u>193</u>	<u>4,807</u>
Net changes in fund balance	(4,000)	(4,000)	351	4,351
Fund balance, beginning of year	<u>20,519</u>	<u>20,519</u>	<u>20,519</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,519</u>	<u>\$ 16,519</u>	<u>\$ 20,870</u>	<u>\$ 4,351</u>

CITY OF BIG RAPIDS

DISC GOLF SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Investment earnings	\$ -	\$ -	\$ 10	\$ 10
Expenditures				
Current				
Culture and recreation	600	600	-	600
Net changes in fund balance	(600)	(600)	10	610
Fund balance, beginning of year	698	698	698	-
Fund balance, end of year	<u>\$ 98</u>	<u>\$ 98</u>	<u>\$ 708</u>	<u>\$ 610</u>

CITY OF BIG RAPIDS

SKATE PARK SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 25	\$ 25
Net changes in fund balance	-	-	25	25
Fund balance, beginning of year	<u>1,777</u>	<u>1,777</u>	<u>1,777</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,777</u>	<u>\$ 1,777</u>	<u>\$ 1,802</u>	<u>\$ 25</u>

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Motor Pool</u>	<u>DPW Service</u>	<u>Total</u>
Assets			
Current assets			
Cash and pooled investments	\$ 178,241	\$ 350,437	\$ 528,678
Accounts receivable	1,799	-	1,799
Inventory	<u>74,023</u>	<u>-</u>	<u>74,023</u>
Total current assets	254,063	350,437	604,500
Capital assets			
Less accumulated depreciation	<u>690,361</u>	<u>-</u>	<u>690,361</u>
Total assets	<u>944,424</u>	<u>350,437</u>	<u>1,294,861</u>
Liabilities			
Current liabilities			
Accounts payable	4,856	6,705	11,561
Accrued liabilities	3,519	12,357	15,876
Current portion of compensated absences	<u>14,453</u>	<u>58,315</u>	<u>72,768</u>
Total current liabilities	22,828	77,377	100,205
Long-term liabilities			
Compensated absences	<u>7,227</u>	<u>29,158</u>	<u>36,385</u>
Total liabilities	<u>30,055</u>	<u>106,535</u>	<u>136,590</u>
Net position			
Net investment in capital assets	690,361	-	690,361
Unrestricted (deficit)	<u>224,008</u>	<u>243,902</u>	<u>467,910</u>
Total net position	<u>\$ 914,369</u>	<u>\$ 243,902</u>	<u>\$ 1,158,271</u>

CITY OF BIG RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2020

	Motor Pool	Buildings DPW Service	Total
Operating revenue			
Charges for services	\$ 877,588	\$ 1,139,100	\$ 2,016,688
Other	<u>12,620</u>	<u>-</u>	<u>12,620</u>
Total operating revenue	<u>890,208</u>	<u>1,139,100</u>	<u>2,029,308</u>
Operating expense			
Salaries and wages	145,727	546,832	692,559
Benefits	104,304	389,052	493,356
DPW services	23,900	-	23,900
Materials and supplies	23,134	-	23,134
Gas and oil	69,798	-	69,798
Utilities	41,131	-	41,131
Repair and maintenance	205,501	-	205,501
Equipment rentals	9,558	85,000	94,558
Contracted services	1,493	-	1,493
Professional fees	1,074	-	1,074
Insurance	26,215	-	26,215
Depreciation	182,079	-	182,079
Miscellaneous	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total operating expense	<u>833,914</u>	<u>1,021,884</u>	<u>1,855,798</u>
Operating income (loss)	<u>56,294</u>	<u>117,216</u>	<u>173,510</u>
Non-operating revenue (expense)			
Gain (loss) on disposal of equipment	3,616	-	3,616
Interest income	<u>2,335</u>	<u>-</u>	<u>2,335</u>
Total non-operating revenue (expense)	<u>5,951</u>	<u>-</u>	<u>5,951</u>
Income (loss) before transfers	62,245	117,216	179,461
Transfers out	<u>(101,200)</u>	<u>(94,300)</u>	<u>(195,500)</u>
Changes in net position	(38,955)	22,916	(16,039)
Net position, beginning of year	<u>953,324</u>	<u>220,986</u>	<u>1,174,310</u>
Net position, end of year	<u>\$ 914,369</u>	<u>\$ 243,902</u>	<u>\$ 1,158,271</u>

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Motor Pool	Buildings DPW Service	Total
Cash flows from operating activities			
Receipts from internal services provided	\$ 890,788	\$ 1,139,100	\$ 2,029,888
Payments to employees	(245,357)	(899,795)	(1,145,152)
Payments to suppliers	(399,999)	(79,295)	(479,294)
Net cash provided by (used in) operating activities	<u>245,432</u>	<u>160,010</u>	<u>405,442</u>
Cash flows from non-capital financing activities			
Transfers out	(101,200)	(94,300)	(195,500)
Cash flows from capital and related financing activities			
Proceeds on sale of capital assets	3,616	-	3,616
Acquisitions of capital assets	(106,622)	-	(106,622)
Net cash provided by (used in) capital and related financing activities	<u>(103,006)</u>	<u>-</u>	<u>(103,006)</u>
Cash flows from investing activities			
Interest income	2,335	-	2,335
Net increase (decrease) in cash and pooled investments	43,561	65,710	109,271
Cash and pooled investments, beginning of year	<u>134,680</u>	<u>284,727</u>	<u>419,407</u>
Cash and pooled investments, end of year	<u>\$ 178,241</u>	<u>\$ 350,437</u>	<u>\$ 528,678</u>
Cash flows from operating activities			
Operating income (loss)	\$ 56,294	\$ 117,216	\$ 173,510
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	182,079	-	182,079
Change in operating assets and liabilities which provided (used) cash			
Accounts receivable	580	-	580
Inventory	707	-	707
Accounts payable	1,098	6,705	7,803
Accrued liabilities	85	283	368
Compensated absences	4,589	35,806	40,395
Customer deposits	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 245,432</u>	<u>\$ 160,010</u>	<u>\$ 405,442</u>

CITY OF BIG RAPIDS

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	<u>Current Tax</u> <u>Fund</u>	<u>Payroll</u> <u>Fund</u>	<u>Trust & Agency</u> <u>Fund</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 400	\$ 186,305	\$ 892	\$ 187,597
Accounts receivable	<u>54,067</u>	<u>6,269</u>	<u>-</u>	<u>60,336</u>
Total assets	<u>\$ 54,467</u>	<u>\$ 192,574</u>	<u>\$ 892</u>	<u>\$ 247,933</u>
Liabilities				
Accounts payable	\$ -	\$ 42,574	\$ 892	\$ 43,466
Due to other governmental units	54,467	-	-	54,467
Advances from other funds	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total liabilities	<u>\$ 54,467</u>	<u>\$ 192,574</u>	<u>\$ 892</u>	<u>\$ 247,933</u>

CITY OF BIG RAPIDS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

<u>Current Tax Collection Fund</u>				
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Assets				
Cash and pooled investments	\$ -	\$ 5,430,714	\$ 5,430,314	\$ 400
Accounts receivable	49,012	5,721,625	5,716,570	54,067
Total assets	\$ 49,012	\$ 11,152,339	\$ 11,146,884	\$ 54,467
Liabilities				
Due to other governments	\$ 49,012	\$ 11,134,946	\$ 11,129,491	\$ 54,467
Total liabilities	\$ 49,012	\$ 11,134,946	\$ 11,129,491	\$ 54,467
<u>Payroll Fund</u>				
Assets				
Cash and pooled investments	\$ 93,122	\$ 21,449,230	\$ 21,356,047	\$ 186,305
Accounts receivable	56,878	-	50,609	6,269
Total assets	\$ 150,000	\$ 21,449,230	\$ 21,406,656	\$ 192,574
Liabilities				
Accounts payable	\$ -	\$ 5,660,934	\$ 5,618,360	\$ 42,574
Advance from other funds	150,000	-	-	150,000
Total liabilities	\$ 150,000	\$ 5,660,934	\$ 5,618,360	\$ 192,574
<u>Trust & Agency</u>				
Assets				
Cash and pooled investments	\$ 892	\$ -	\$ -	\$ 892
Total assets	\$ 892	\$ -	\$ -	\$ 892
Liabilities				
Accounts payable	\$ 892	\$ -	\$ -	\$ 892
Total liabilities	\$ 892	\$ -	\$ -	\$ 892
<u>Total Agency Funds</u>				
Assets				
Cash and pooled investments	\$ 94,014	\$ 26,879,944	\$ 26,786,361	\$ 187,597
Accounts receivable	105,890	5,721,625	5,767,179	60,336
Total assets	\$ 199,904	\$ 32,601,569	\$ 32,553,540	\$ 247,933
Liabilities				
Accounts payable	\$ 892	\$ 5,660,934	\$ 5,618,360	\$ 43,466
Due to other governments	49,012	11,134,946	11,129,491	54,467
Advance from other funds	150,000	-	-	150,000
Total liabilities	\$ 199,904	\$ 16,795,880	\$ 16,747,851	\$ 247,933

CITY OF BIG RAPIDS

DOWNTOWN DEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental <u>Fund Type</u> General <u>Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 35,509	\$ -	\$ 35,509
Total assets	<u>\$ 35,509</u>	-	<u>35,509</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	-	-	<u>-</u>
Fund balances			
Unrestricted			
Unassigned	<u>35,509</u>		
Total liabilities and fund balances	<u>\$ 35,509</u>		
Net position			
Unrestricted			<u>\$ 35,509</u>

CITY OF BIG RAPIDS

DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Fund Type General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 40,127	\$ -	\$ 40,127
Investment earnings	1	-	1
Miscellaneous	19,793	-	19,793
	<u>59,921</u>	<u>-</u>	<u>59,921</u>
Total revenues	59,921	-	59,921
Expenditures/expenses			
Current			
Economic development	44,570	-	44,570
	<u>44,570</u>	<u>-</u>	<u>44,570</u>
Total expenditures/expenses	44,570	-	44,570
Revenues over (under) expenditures/expenses	15,351	-	15,351
Net changes in fund balance	15,351	(15,351)	
Change in net position		(15,351)	15,351
Fund balance/net position, beginning of year	20,158		20,158
Fund balance/net position, end of year	<u>\$ 35,509</u>		<u>\$ 35,509</u>

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STATISTICAL SECTION

CITY OF BIG RAPIDS

STATISTICAL SECTION

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

Contents

Table

Financial Trends

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

A-1 to A-4

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

B-1 to B-4

Debt Capacity

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

C-1 to C-3

Demographic and Economic Information

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

D-1 to D-2

Operating Information

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

E-1 to E-3

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

CITY OF BIG RAPIDS

Table A-1

NET POSITIONS BY COMPONENT LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,318,568	\$ 17,597,933	\$ 16,775,475	\$ 16,443,983	\$ 15,617,953	\$ 14,232,792	\$ 13,707,089	\$ 13,026,458	\$ 12,780,359	\$ 12,866,045
Restricted	1,076,341	1,055,603	985,239	1,009,983	1,329,329	854,979	728,452	563,768	759,999	705,971
Unrestricted	<u>(2,733,900)</u>	<u>(2,258,200)</u>	<u>(2,759,129)</u>	<u>(3,704,455)</u>	<u>(4,697,138)</u>	<u>(4,364,681)</u>	<u>(3,956,487)</u>	<u>2,143,486</u>	<u>1,722,353</u>	<u>1,915,417</u>
Total governmental activities net position	<u>\$ 17,661,009</u>	<u>\$ 16,395,336</u>	<u>\$ 15,001,585</u>	<u>\$ 13,749,511</u>	<u>\$ 12,250,144</u>	<u>\$ 10,723,090</u>	<u>\$ 10,479,054</u>	<u>\$ 15,733,712</u>	<u>\$ 15,262,711</u>	<u>\$ 15,487,433</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 13,592,127	\$ 12,277,620	\$ 11,248,854	\$ 11,011,005	\$ 11,343,149	\$ 11,200,834	\$ 11,262,916	\$ 11,503,740	\$ 11,769,588	\$ 11,750,081
Restricted	-	-	-	62,000	82,000	112,000	139,500	165,500	19,181	21,581
Unrestricted	<u>3,692,899</u>	<u>2,319,996</u>	<u>2,604,192</u>	<u>1,888,138</u>	<u>1,213,899</u>	<u>1,650,623</u>	<u>1,673,840</u>	<u>3,031,618</u>	<u>3,681,745</u>	<u>3,782,066</u>
Total business-type activities net position	<u>\$ 17,285,026</u>	<u>\$ 14,597,616</u>	<u>\$ 13,853,046</u>	<u>\$ 12,961,143</u>	<u>\$ 12,639,048</u>	<u>\$ 12,963,457</u>	<u>\$ 13,076,256</u>	<u>\$ 14,700,858</u>	<u>\$ 15,470,514</u>	<u>\$ 15,553,728</u>
Primary government										
Net investment in capital assets	\$ 32,910,695	\$ 29,875,553	\$ 28,024,329	\$ 27,454,988	\$ 26,961,102	\$ 25,433,626	\$ 24,970,005	\$ 24,530,198	\$ 24,549,947	\$ 24,616,126
Restricted	1,076,341	1,055,603	985,239	1,071,983	1,411,329	966,979	867,952	729,268	779,180	727,552
Unrestricted	<u>958,999</u>	<u>61,796</u>	<u>(154,937)</u>	<u>(1,816,317)</u>	<u>(3,483,239)</u>	<u>(2,714,058)</u>	<u>(2,282,647)</u>	<u>5,175,104</u>	<u>5,404,098</u>	<u>5,697,483</u>
Total primary government net position	<u>\$ 34,946,035</u>	<u>\$ 30,992,952</u>	<u>\$ 28,854,631</u>	<u>\$ 26,710,654</u>	<u>\$ 24,889,192</u>	<u>\$ 23,686,547</u>	<u>\$ 23,555,310</u>	<u>\$ 30,434,570</u>	<u>\$ 30,733,225</u>	<u>\$ 31,041,161</u>

CITY OF BIG RAPIDS

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

Table A-2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
General government	\$ 3,470,656	\$ 3,595,203	\$ 2,591,149	\$ 2,479,130	\$ 2,502,846	\$ 2,385,960	\$ 2,272,594	\$ 2,260,252	\$ 2,188,459	\$ 2,446,305
Public safety	3,490,275	3,614,748	3,367,305	3,505,371	3,816,970	3,619,509	3,506,188	3,544,831	3,439,962	3,495,843
Public works	1,820,837	1,095,764	1,997,058	1,683,985	2,363,445	2,664,843	2,220,545	2,063,940	1,621,381	1,748,653
Culture and recreation	1,597,560	1,062,781	1,175,191	1,246,185	1,209,799	1,261,618	1,071,264	971,073	1,336,420	1,246,946
Economic development	-	-	5,000	-	-	172,500	-	-	-	-
Interest on long-term debt	95,126	118,948	148,937	154,087	164,957	186,074	186,621	188,025	177,278	195,061
Total governmental activities	10,474,454	9,487,444	9,284,640	9,068,758	10,058,017	10,290,504	9,257,212	9,028,121	8,763,500	9,132,808
Business-type activities										
Transportation	663,927	462,151	587,806	693,130	718,470	667,220	611,106	539,783	528,971	476,071
Wastewater utility	2,922,337	2,674,390	2,325,748	2,413,251	2,479,943	2,174,035	2,139,536	2,131,514	1,957,919	2,151,231
Water utility	1,248,922	2,416,749	1,766,359	1,776,740	2,416,646	1,686,449	1,943,722	2,072,511	1,739,822	1,697,190
Sanitation	965,178	895,345	1,064,271	1,050,625	1,057,089	1,055,438	1,024,686	1,008,973	980,675	928,238
Total business-type activities	5,800,364	6,448,635	5,744,184	5,933,746	6,672,148	5,583,142	5,719,050	5,752,781	5,207,387	5,252,730
Total primary government expenses	16,274,818	15,936,079	15,028,824	15,002,504	16,730,165	15,873,646	14,976,262	14,780,902	13,970,887	14,385,538
Program revenues										
Governmental activities										
Charges for services										
General Government	367,251	356,828	549,070	459,902	470,579	299,312	252,973	265,075	204,533	238,408
Public Safety	422,875	393,239	275,189	296,788	259,780	271,724	309,238	305,362	339,004	355,699
Public Works	8,988	7,777	47,286	14,710	35,124	21,391	139,736	106,816	9,258	11,584
Culture and recreation	263,451	361,545	223,088	253,017	220,757	248,517	185,564	189,597	358,857	276,306
Total charges for services	1,062,565	1,119,389	1,094,633	1,024,417	986,240	840,944	887,511	866,850	911,652	881,997
Operating grants and contributions	1,915,845	1,922,818	1,622,318	1,511,869	1,407,634	1,307,992	1,225,161	1,287,823	854,044	1,594,915
Capital grants and contributions	731,112	12,322	49,644	425,672	1,968,181	688,152	67,792	-	264,530	793,493
Total governmental activities program revenues	3,709,522	3,054,529	2,766,595	2,961,958	4,362,055	2,837,088	2,180,464	2,154,673	2,030,226	3,270,405
Business-type activities										
Charges for services										
Transportation	132,903	164,367	173,211	151,174	152,587	178,456	203,092	91,723	85,931	74,768
Wastewater utility	2,777,337	2,776,568	2,742,159	2,500,322	2,361,853	2,262,950	2,224,115	1,965,743	1,710,416	1,621,381
Water utility	2,776,176	2,709,534	2,703,426	2,609,258	2,540,350	2,265,628	2,433,496	2,265,744	2,029,711	1,737,520
Sanitation	1,076,512	1,055,904	1,230,071	1,186,435	1,172,273	1,184,165	1,120,275	1,112,436	1,109,714	1,046,697
Operating grants and contributions	988,789	614,675	384,906	341,398	329,424	296,430	302,610	239,092	233,010	226,762
Capital grants and contributions	1,154,102	259,338	-	-	-	-	6,499	-	247,166	613,485
Total business-type activities program revenues	8,905,819	7,580,386	7,233,773	6,788,587	6,556,487	6,187,629	6,290,087	5,674,738	5,415,948	5,320,613
Total primary government program revenues	12,615,341	10,634,915	10,000,368	9,750,545	10,918,542	9,024,717	8,470,551	7,829,411	7,446,174	8,591,018

CITY OF BIG RAPIDS

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (expense) revenue										
Governmental activities	\$ (6,764,932)	\$ (6,432,915)	\$ (6,518,045)	\$ (6,106,800)	\$ (5,695,962)	\$ (7,453,416)	\$ (7,076,748)	\$ (6,873,448)	\$ (6,733,274)	\$ (5,862,403)
Business-type activities	3,105,455	1,131,751	1,489,589	854,841	(115,661)	604,487	571,037	(78,043)	208,561	67,883
Total primary government net (expense) revenue	(3,659,477)	(5,301,164)	(5,028,456)	(5,251,959)	(5,811,623)	(6,848,929)	(6,505,711)	(6,951,491)	(6,524,713)	(5,794,520)
General revenues and other changes in net position										
Governmental activities										
Property taxes	3,746,281	3,675,033	3,458,038	3,386,318	3,085,412	3,004,303	2,922,816	2,944,602	2,882,630	2,899,204
Income taxes	2,355,835	2,156,777	2,293,434	2,295,239	2,097,641	2,063,600	2,020,558	2,120,878	1,964,555	1,892,944
State shared revenues	1,333,533	1,368,359	1,364,709	1,310,231	1,347,107	1,457,698	1,468,828	1,409,847	1,145,136	1,242,407
Investment earnings	65,512	59,703	46,438	64,079	56,909	77,285	115,756	80,452	79,201	79,925
Other general revenues	40,744	47,571	-	-	-	325,766	77,385	189,670	73,530	36,069
Transfers	488,700	596,300	607,500	550,300	575,400	768,800	700,600	599,000	363,500	479,800
Total governmental activities	8,030,605	7,903,743	7,770,119	7,606,167	7,162,469	7,697,452	7,305,943	7,344,449	6,508,552	6,630,349
Business-type activities										
Investment earnings	68,213	49,420	9,814	17,554	36,722	32,508	33,320	13,604	49,681	75,780
Other general revenues	2,442	6,568	-	-	-	19,006	5,952	35,007	22,043	11,191
Transfers	(488,700)	(596,300)	(607,500)	(550,300)	(575,400)	(768,800)	(700,600)	(599,000)	(363,500)	(479,800)
Total business-type activities	(418,045)	(540,312)	(597,686)	(532,746)	(538,678)	(717,286)	(661,328)	(550,389)	(291,776)	(392,829)
Total primary government	7,612,560	7,363,431	7,172,433	7,073,421	6,623,791	6,980,166	6,644,615	6,794,060	6,216,776	6,237,520
Change in net position										
Governmental activities	1,265,673	1,470,828	1,252,074	1,499,367	1,466,507	244,036	229,195	471,001	(224,722)	767,946
Business-type activities	2,687,410	591,439	891,903	322,095	(654,339)	(112,799)	(90,291)	(628,432)	(83,215)	(324,946)
Total primary government	\$ 3,953,083	\$ 2,062,267	\$ 2,143,977	\$ 1,821,462	\$ 812,168	\$ 131,237	\$ 138,904	\$ (157,431)	\$ (307,937)	\$ 443,000

CITY OF BIG RAPIDS

Table A-3

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	150,000	150,000	150,000	150,000	150,000	152,500	87,693	76,468	50,000	40,000
Restricted	-	-	-	5,219	7,504	5,581	15,816	-	6,231	6,093
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	222,500	62,661	105,939	69,215	7,056	61,996	55,627	58,900	56,700
Unassigned	<u>1,338,408</u>	<u>1,087,002</u>	<u>1,264,775</u>	<u>979,293</u>	<u>681,037</u>	<u>774,549</u>	<u>1,214,331</u>	<u>1,555,261</u>	<u>1,317,118</u>	<u>1,420,076</u>
Total general fund	<u>\$ 1,488,408</u>	<u>\$ 1,459,502</u>	<u>\$ 1,477,436</u>	<u>\$ 1,240,451</u>	<u>\$ 907,756</u>	<u>\$ 939,686</u>	<u>\$ 1,379,836</u>	<u>\$ 1,687,356</u>	<u>\$ 1,432,249</u>	<u>\$ 1,522,869</u>
All other governmental funds										
Nonspendable	\$ 33,321	\$ 46,305	\$ 17,000	\$ 41,212	\$ 28,857	\$ 25,964	\$ 50,941	\$ 51,543	\$ 35,261	\$ 47,113
Restricted	1,059,341	1,038,603	966,615	987,192	1,304,365	832,210	692,036	545,215	491,484	411,199
Assigned	222,576	201,208	406,167	376,207	156,037	131,572	204,236	522,628	391,926	388,481
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,009)</u>	<u>(24,909)</u>
Total all other governmental funds	<u>\$ 1,315,238</u>	<u>\$ 1,286,116</u>	<u>\$ 1,389,782</u>	<u>\$ 1,404,611</u>	<u>\$ 1,489,259</u>	<u>\$ 989,746</u>	<u>\$ 947,213</u>	<u>\$ 1,119,386</u>	<u>\$ 909,662</u>	<u>\$ 821,884</u>

Notes:

- (1) Fund balance classification was changed in 2011 to comply with the requirements of GASB Statement Number 54.
 (2) Permanent Funds were established at the time the City implemented GASB 34.

CITY OF BIG RAPIDS

Table A-4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues										
Taxes	\$ 6,102,116	\$ 5,831,810	\$ 5,751,472	\$ 5,681,557	\$ 5,183,053	\$ 5,067,903	\$ 4,943,374	\$ 5,065,580	\$ 4,847,185	\$ 4,792,148
Intergovernmental revenues										
Federal	713,492	12,419	94,930	376,753	1,932,829	746,693	54,453	56,153	9,254	1,030,405
State	3,055,680	3,061,909	2,742,508	2,546,421	2,496,233	2,267,955	2,282,816	2,148,144	2,098,996	2,415,979
Local	224,864	187,901	-	50,000	224,576	309,944	300,459	293,181	260,158	-
Licenses and permits	155,182	73,897	51,176	67,185	62,314	65,144	68,529	65,545	63,219	66,370
Charges for services	608,346	745,625	817,341	843,789	609,395	578,917	500,119	604,958	473,146	685,708
Fines and forfeits	152,421	182,861	188,928	216,672	186,611	201,937	189,148	192,052	194,526	193,700
Special assessment	6,957	6,593	10,410	10,771	7,373	11,864	8,204	11,551	13,081	14,773
Investment earnings	77,677	138,663	45,956	62,857	53,920	77,285	115,756	80,352	86,182	81,369
Miscellaneous	163,776	143,991	240,975	175,814	190,403	286,501	268,638	389,862	127,231	98,077
Total revenues	<u>11,260,511</u>	<u>10,385,669</u>	<u>9,943,696</u>	<u>10,031,819</u>	<u>10,946,707</u>	<u>9,614,143</u>	<u>8,731,496</u>	<u>8,907,378</u>	<u>8,172,978</u>	<u>9,378,529</u>
Expenditures										
Current										
General government	2,717,102	2,573,839	2,590,548	2,445,573	2,311,232	2,342,028	2,207,494	2,202,031	2,119,152	2,370,347
Public safety	3,820,972	4,371,891	3,653,641	3,604,584	3,550,472	3,591,993	3,356,747	3,419,157	3,292,662	3,460,630
Public works	3,151,071	2,564,753	2,261,099	1,799,252	2,125,635	2,535,543	2,053,078	1,901,116	1,888,126	2,189,505
Economic Development	-	-	5,000	-	-	172,500	-	-	-	-
Culture and recreation	1,156,539	1,231,965	989,880	1,049,247	971,283	1,078,606	883,239	786,928	844,434	3,032,098
Debt service										
Principal	935,221	630,169	587,666	554,474	530,044	415,160	378,000	316,000	289,000	228,000
Interest	105,778	125,789	150,377	160,850	174,772	176,590	189,536	197,250	189,646	187,238
Capital Outlay	-	-	285,429	919,692	1,668,433	1,143,259	1,354,230	889,365	-	-
Total expenditures	<u>11,886,683</u>	<u>11,498,406</u>	<u>10,523,640</u>	<u>10,533,672</u>	<u>11,331,871</u>	<u>11,455,679</u>	<u>10,422,324</u>	<u>9,711,847</u>	<u>8,623,020</u>	<u>11,467,818</u>
Revenues over (under) expenditures	<u>(626,172)</u>	<u>(1,112,737)</u>	<u>(579,944)</u>	<u>(501,853)</u>	<u>(385,164)</u>	<u>(1,841,536)</u>	<u>(1,690,828)</u>	<u>(804,469)</u>	<u>(450,042)</u>	<u>(2,089,289)</u>
Other financing sources (uses)										
Bond/note proceeds	-	120,000	-	-	-	-	530,000	550,000	-	1,340,219
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	3,345,000
Capital lease issued	-	-	-	-	-	278,491	-	-	-	-
Refunding loan issued	-	-	-	-	-	158,972	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	(3,305,000)
Transfers in	2,191,200	2,500,892	1,808,142	1,741,700	1,918,213	2,534,736	1,747,666	1,715,056	1,443,000	1,268,300
Transfers out	(1,507,000)	(1,613,992)	(1,006,042)	(991,800)	(1,126,013)	(1,528,280)	(1,066,531)	(995,756)	(995,800)	(728,700)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>684,200</u>	<u>1,006,900</u>	<u>802,100</u>	<u>749,900</u>	<u>792,200</u>	<u>1,443,919</u>	<u>1,211,135</u>	<u>1,269,300</u>	<u>447,200</u>	<u>1,919,819</u>
Net changes in fund balances	<u>\$ 58,028</u>	<u>\$ (105,837)</u>	<u>\$ 222,156</u>	<u>\$ 248,047</u>	<u>\$ 407,036</u>	<u>\$ (397,617)</u>	<u>\$ (479,693)</u>	<u>\$ 464,831</u>	<u>\$ (2,842)</u>	<u>\$ (169,470)</u>
Debt service as a percentage of noncapital expenditures	<u>10.0%</u>	<u>7.3%</u>	<u>10.0%</u>	<u>9.8%</u>	<u>7.6%</u>	<u>6.4%</u>	<u>7.1%</u>	<u>6.5%</u>	<u>5.7%</u>	<u>4.8%</u>

Table B-1

**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real property					Personal Property	Total Assessed Value	Total Direct Tax Rate
	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Total			
2011	68,846,400	-	54,961,600	16,552,400	140,360,400	29,306,400	169,666,800	16.0932
2012	68,533,100	-	53,777,600	15,814,000	138,124,700	27,887,000	166,011,700	16.6899
2013	66,757,100	-	54,819,600	13,869,600	135,446,300	31,296,200	166,742,500	17.2964
2014	65,675,700	-	54,306,200	13,637,800	133,619,700	25,416,800	159,036,500	17.9163
2015	65,772,800	-	52,365,100	13,431,800	131,569,700	25,118,700	156,688,400	17.9567
2016	69,725,600	-	52,097,000	13,268,900	135,091,500	16,981,000	152,072,500	19.5046
2017	68,942,896	-	54,840,940	14,101,956	137,885,792	18,802,608	156,688,400	19.5046
2018	73,987,400	-	58,583,200	13,237,600	145,808,200	16,327,300	162,135,500	19.8928
2019	75,857,900	-	58,785,300	12,927,800	147,571,000	14,846,800	162,417,800	19.9418
2020	81,770,600	-	61,751,600	13,042,300	156,564,500	14,744,500	171,309,000	19.8510

*Property is reassessed each year at actual value. Therefore, the assessed values are equal to the actual value.
Direct tax rate (millage) is per \$1,000 of taxable value, which is generally equal to one half of the assessed value.*

Source: City of Big Rapids Assessor

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30	City of Big Rapids				Mecosta County					Big Rapids Public Schools (1)					Mecosta Osceola ISD				State		Total
	Operating Millage	Debt Millage	Library	Total City Millage	Operating Millage	Hospital Millage	Commission Emergency		Total County Millage	Non- Homestead Millage	Debt Millage	Sinking Fund Millage	Debt Millage	Total BRPS Millage	Operating Millage	Special Education	Vocational Education	Total MOISD Millage	State Education		
							on Aging	Medical Services											Tax Millage	Tax Millage	
2011	14.0523	2.0409	-	16.0932	5.9299	0.6755	0.5000	0.1000	7.2054	18.0000	4.2500	-	-	22.2500	0.2494	3.3395	1.4970	5.0859	6.0000	56.6345	
2012	14.5384	2.1515	-	16.6899	5.9299	0.6755	0.5000	0.1000	7.2054	18.0000	4.1500	-	-	22.1500	0.2494	3.3395	1.4970	5.0859	6.0000	57.1312	
2013	15.1059	2.1905	-	17.2964	5.9299	-	0.5000	0.3000	6.7299	18.0000	4.0000	0.7500	-	22.7500	0.2494	3.3395	1.4970	5.0859	6.0000	57.8622	
2014	15.5863	2.3300	-	17.9163	5.7859	-	0.5000	0.6000	6.8859	18.0000	3.2200	0.7500	-	21.9700	0.2494	3.3395	1.4970	5.0859	6.0000	57.8581	
2015	15.4573	2.4994	-	17.9567	5.9299	-	0.5000	0.7000	7.1299	18.0000	3.8000	0.7500	-	22.5500	0.2494	3.3395	1.4970	5.0859	6.0000	58.7225	
2016	15.7634	2.7412	1.0000	19.5046	5.9299	-	0.5000	0.9429	7.3728	18.0000	3.8000	0.7500	-	22.5500	0.2494	3.3395	1.4970	5.0859	6.0000	60.5133	
2017	16.0624	2.8304	1.0000	19.8928	5.9299	-	0.5000	0.9429	7.3728	18.0000	3.0500	0.7500	-	21.8000	0.2494	3.3395	1.4970	5.0859	6.0000	60.1515	
2018	16.0375	2.9043	1.0000	19.9418	5.9299	-	0.5000	0.9429	7.3728	18.0000	3.0500	0.7500	2.3500	24.1500	0.2494	3.3395	1.4970	5.0859	6.0000	62.5505	
2019	15.9189	2.9321	1.0000	19.8510	5.9299	-	0.5000	0.9429	7.3728	18.0000	2.6700	0.7500	2.7300	24.1500	0.2494	3.3395	1.4970	5.0859	6.0000	62.4597	
2020	15.8254	2.9535	1.0000	19.7789	5.9215	-	0.5000	0.9429	7.3644	18.0000	2.5000	0.7500	2.5000	23.7500	0.2494	3.3395	1.4970	5.0859	6.0000	61.9792	

Source: City assessors office

Notes:

- (1) In 1994, property tax reform was implemented in the State resulting in a 18 mill levy on non-homestead properties and 6.0 mills on all properties.
(2) Taxes rates (millages) are per \$1,000 of taxable value which is approximately equal to one-half of the assessed value.

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

	2019			2009		
	<u>Taxable</u>		<u>Percentage</u>	<u>Taxable</u>		<u>Percentage</u>
<u>Taxpayer</u>	<u>Value</u>	<u>Rank</u>	<u>of Total City</u>	<u>Value</u>	<u>Rank</u>	<u>of Total City</u>
			<u>Value</u>			<u>Value</u>
HAWORTH INC	6,080,410	1	3.89%	3,391,705	5	1.74%
CONSUMERS ENERGY	4,937,324	2	3.16%	2,705,695	6	1.39%
GEN 3 INVESTMENTS LLC	3,866,177	3	2.47%	-		0.00%
ALEA PROPERTIES LLC	2,456,934	4	1.57%	-		0.00%
DTE GAS COMPANY	2,392,060	5	1.53%	-		0.00%
CAMPUS VILLAGE RAPIDS LLC	2,038,092	6	1.30%	2,443,200	9	1.26%
FEDERAL SCREW WORKS	2,001,300	7	1.28%	14,361,900	2	7.38%
HILLCREST OAKWOOD PROPERTY LLC	1,982,919	8	1.27%	2,398,800	10	1.23%
BIG RAPIDS HOTEL GROUP LLC	1,595,872	9	1.02%	-		0.00%
BIG RAPIDS PRODUCTS	1,483,991	10	0.95%	2,520,200	8	1.30%
BIG RAPIDS COMPONENTS	-		0.00%	15,587,200	1	8.01%
FLUID ROUTING SOLUTIONS	-		0.00%	4,935,200	4	2.54%
AGREE LIMITED PARTNERSHIP	-		0.00%	5,324,591	3	2.74%
MICHIGAN RETAIL PARTNERS LLC	-		0.00%	2,641,100	7	1.36%
Total	<u>\$ 28,835,079</u>		<u>18.44%</u>	<u>\$ 56,309,591</u>		<u>28.94%</u>

Source: City assessors office

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2,757,715	2,608,926	94.60%	148,789	2,757,715	100.00%
2012	2,772,683	2,640,793	95.24%	131,890	2,772,683	100.00%
2013	2,792,147	2,695,499	96.54%	96,648	2,792,147	100.00%
2014	2,789,397	2,646,411	94.87%	131,751	2,789,331	100.00%
2015	2,874,646	2,746,754	95.55%	127,892	2,874,646	100.00%
2016	2,990,001	2,857,024	95.55%	132,977	2,990,001	100.00%
2017	2,886,719	2,747,915	95.19%	138,804	2,886,707	100.00%
2018	2,953,985	2,782,401	94.19%	171,584	2,950,086	99.87%
2019	2,996,241	2,845,205	94.96%	151,036	2,994,267	99.93%
2020	3,075,182	2,922,599	95.04%	152,583	3,064,374	99.65%

Source: City Treasurer

Notes:

(1) Real and personal property taxes combined.

(2) Property taxes are levied July 1 and become delinquent March 1 of the following year.

Delinquent real property taxes are purchased by Mecosta County and are included in the collections in subsequent years column. Delinquent personal property taxes are collected by the City of Big Rapids.

CITY OF BIG RAPIDS

Table C-1

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30</u>	Governmental Activities							Business-type Activities			
	General	Amount <u>Available</u>	-	Net General	Loans <u>Payable</u>	Percentage of Property <u>Value</u>	Per <u>Capita</u>			Percentage of Personal <u>Income (1)</u>	Per <u>Capita (1)</u>
	Obligation			Obligation							
	<u>Bonds (2)</u>			<u>Bonds</u>							
2011	\$ 5,279,000			\$ 5,279,000	\$ -	1.56%	\$ 514.67	\$ 10,450,000	\$ 15,729,000	12.41%	1,533
2012	4,990,000			4,990,000	-	1.50%	486.50	9,735,000	14,725,000	11.24%	1,398
2013	4,154,000			4,154,000	550,000	1.41%	458.61	8,990,000	13,694,000	10.32%	1,302
2014	4,871,000			4,871,000	505,000	1.69%	524.13	8,405,000	13,781,000	10.38%	1,310
2015	4,515,000			4,515,000	879,014	1.72%	525.89	7,795,000	13,189,014	10.36%	1,263
2016	14,093,000			4,093,000	770,970	1.60%	474.21	7,150,000	12,013,970	8.92%	1,133
2017	3,649,000			3,649,000	660,496	1.38%	420.15	6,595,000	10,904,496	8.32%	1,045
2018	3,475,000			3,475,000	252,593	1.15%	363.42	5,615,000	9,342,593	6.67%	900
2019	2,659,000			2,659,000	552,799	0.99%	308.98	5,245,000	8,456,799	6.47%	814
2019	2,046,000			2,046,000	390,578	0.71%	235.12	4,865,000	8,456,799	5.40%	816

Note:

(1) 2000 census figures (2003-Present) can be found at Table D-1.

(2) Includes only bonds serviced from property tax revenues.

Table C-2

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020**

Governmental Unit	Debt Outstanding	Percentage Applicable To City	Amount Applicable To City
Overlapping Debt:			
Big Rapids Public Schools	\$ 28,081,200	34.30%	\$ 9,631,852
Mecosta County	602,943	11.14%	67,168
Mecosta Osceola Intermediate School District	-	7.24%	-
Total Overlapping Debt			9,699,020
City of Big Rapids Direct Debt			<u>2,157,887</u>
Total Direct and Overlapping Debt			<u>\$ 11,856,907</u>

Note:

The portion of the taxable value for each governmental unit located within the City of Big Rapids over the taxable value of the governmental unit as a whole is utilized to calculate overlapping debt percentages.

Source: Municipal Advisory Council (MAC)

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Total state equalized value (1)	<u>\$ 171,309,000</u>
Debt limitation - 10 percent of SEV	<u>\$ 17,130,900</u>
Debt applicable to limitation:	
Total bonded debt	6,751,000
Less:	
Revenue bonds	<u>4,865,000</u>
Total Debt Applicable to Limitation	<u>1,886,000</u>
Legal Debt Margin	<u>\$ 15,244,900</u>

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit	\$ 17,130,900	\$ 16,241,780	\$ 16,213,550	\$ 15,668,840	\$ 15,207,250	\$ 15,668,840	\$ 15,903,650	\$ 16,674,250	\$ 16,601,170	\$ 16,966,680
Total net debt applicable to limit	<u>1,886,000</u>	<u>2,659,000</u>	<u>3,170,000</u>	<u>3,649,000</u>	<u>4,093,000</u>	<u>4,515,000</u>	<u>4,871,000</u>	<u>4,674,000</u>	<u>4,990,000</u>	<u>5,279,000</u>
Legal debt margin	<u>\$ 15,244,900</u>	<u>\$ 13,582,780</u>	<u>\$ 13,043,550</u>	<u>\$ 12,019,840</u>	<u>\$ 11,114,250</u>	<u>\$ 11,153,840</u>	<u>\$ 11,032,650</u>	<u>\$ 12,000,250</u>	<u>\$ 11,611,170</u>	<u>\$ 11,687,680</u>
Total net debt applicable to limit as a percentage of debt limit	11.0%	16.4%	19.6%	23.3%	26.9%	28.8%	30.6%	28.0%	30.1%	31.1%

(1) Source: City assessors office

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2009	10,257	\$ 126,776,520	12,360	8.9
2010	10,257	126,776,520	12,360	13.6
2011	10,601	131,028,360	12,360	11.0
2012	10,530	131,028,360	12,443	10.1
2013	10,517	132,756,091	12,623	8.7
2014	10,517	132,756,091	12,623	8.7
2015 (3)	10,443	127,279,284	12,188	9.1
2016 (3)	10,601	134,706,907	12,707	5.5
2017 (3)	10,437	131,052,204	12,557	5.7
2018 (3)	10,378	139,988,842	13,489	5.5
2019 (3)	10,395	130,779,495	12,581	5.8
2020 (3)	10,363	156,636,745	15,115	5.8

(1) Per U.S. Census Bureau.

(2) Census information is only available for 2018 census at this time.

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Ferris State University	4389	1	*	4766	1	*
Spectrum Health	1044	2		-	-	
OnPoint Employment Solutions	701	3		-	-	
Arch Staffing and Consulting	627	4		-	-	
Original Footwear Manufacturing	497	5		-	-	
Haworth Inc.	481	6		334	6	
Big Rapids Products	408	7		-	-	
Big Rapids Public Schools	328	8		275	8	
Mecosta Osceola ISD	296	9		290	7	
Fluid Routing Solutions	255	10		439	5	
Manpower US	-	-		840	2	
Wolverine World Wide	-	-		554	3	
Mecosta County General Hospital	-	-		552	4	
Fluid Routing Solutions	-	-		439	5	
Mecosta County Courthouse	-	-		260	9	
Midwest Publishing	-	-		244	10	

Source: City of Big Rapids

* information is not available

** formally Mecosta County General Hospital

CITY OF BIG RAPIDS
CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Administration										
Full time	11	11	12	12	12	12	13	13	14	14
Part time	7	8	9	9	9	9	8	8	4	6
Finance										
Full time	8	8	8	8	8	8	8	8	7	6
Part time	1	1	1	1	1	1	2	2	3	4
Public works										
Full time	35	35	35	35	35	34	34	34	34	33
Part time	11	41	47	47	47	47	47	57	56	38
Library										
Full time	2	2	2	2	2	1	2	2	2	2
Part time	9	13	11	11	11	11	11	9	10	8
Public Safety										
Police										
Full time	17	17	16	16	16	17	18	17	17	16
Part time	3	5	3	3	3	3	3	4	5	8
Other public safety	3	3	3	3	3	3	3	3	3	3
Fire										
Full time	9	9	9	9	9	9	9	9	9	9
Part time	15	13	14	14	14	15	16	13	15	13
Dial-a-Ride										
Full time	2	2	2	1	1	1	1	1	1	1
Part time	12	15	11	11	12	13	15	14	11	11
Total	<u>145</u>	<u>183</u>	<u>183</u>	<u>182</u>	<u>183</u>	<u>184</u>	<u>190</u>	<u>194</u>	<u>191</u>	<u>172</u>

Source: Human Resource office

CITY OF BIG RAPIDS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Arrests	548	612	612	544	653	804	709	614	744	1,337
Accident responses	290	345	353	365	457	448	471	409	410	484
Fire										
Fire calls	200	231	192	173	188	181	61	166	146	81
Rescue calls	35	37	66	43	39	34	56	12	20	54
MFR calls	926	937	915	868	834	804	833	759	759	634
Public service calls	77	60	63	52	38	43	36	41	30	94
Public works and streets										
Street resurfacing (in miles)		0.36	0.87	1.16	1.09	1.30	1.50	2.00	0.25	-
Culture and recreation										
Library books	58,007	64,995	61,396	55,615	56,096	55,379	54,605	54,390	53,487	64,222
Sewer system										
Number of service connections	2,683	2,682	2,672	2,626	2,610	2,607	2,601	2,553	2,554	2,560
Daily average treatment in millions of gallons	1.188	1.207	1.075	1.069	1.070	0.985	1.080	1.026	1.095	1.048
Water system										
Number of service connections	2,337	2,328	2,304	2,261	2,225	2,215	2,235	2,187	2,187	2,192
Daily average consumption in millions of gallons	0.940	1.010	1.083	1.093	1.120	1.167	1.390	1.250	1.230	1.280
Dial-a-Ride system										
Total transit miles	126,642	143,747	146,848	143,791	139,327	144,843	135,489	112,661	111,694	109,721
Passengers	109,895	140,308	136,816	134,092	156,409	139,593	145,975	76,091	70,459	68,887

Source: Various City departments

** information is not available*

CITY OF BIG RAPIDS

***CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS***

<u>Function/Program</u>	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	10	10	10	10
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency response vehicles	10	10	10	10	10	10	10	12	12	12
Public works and streets										
Buildings	28	28	28	28	28	28	28	28	27	27
Miles of streets	43.25	43.25	43.25	43.25	43.25	43.25	43.25	42.50	42.50	42.50
Number of street lights	475	475	475	475	475	475	475	475	475	475
Culture and recreation										
Park acreage	323	323	323	323	323	302	302	302	302	302
Sewer system										
Miles of sanitary sewers	34.78	34.78	34.78	34.78	34.78	34.78	34.78	34.40	34.40	34.40
Miles of storm sewers	20.31	20.31	20.31	20.20	20.20	20.20	20.20	20.20	20.20	20.20
Maximum daily capacity in millions of gallons	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water system										
Miles of water mains	59.38	59.38	59	58	58	58	58	58	58	58
Fire hydrants	510	510	504	491	491	491	491	488	488	488
In millions of gallons:										
Above ground storage capacity (at grade)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Above ground storage capacity (elevated)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Maximum daily capacity	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
Dial-a-Ride system										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	7	7	7	7	7	7	7	7	7	7

Source: City finance office

** information is not available*

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DIAL-A-RIDE TRANSIT SCHEDULES

CITY OF BIG RAPIDS

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF LOCAL REVENUES (1)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>7/1/19 to 9/30/2019</u>	<u>10/1/19 to 6/30/2020</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 20,486	\$ 47,548	\$ 68,034
Contracted Fares	-	64,869	64,869
Interest	-	-	-
Miscellaneous	400	(400)	-
Transfer from general fund	<u>30,550</u>	<u>122,750</u>	<u>153,300</u>
Total local revenues	<u>\$ 51,436</u>	<u>\$ 234,767</u>	<u>\$ 286,203</u>

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF LOCAL REVENUES (1A)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>10/1/18 to 6/30/2019</u>	<u>7/1/19 to 9/30/2019</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 70,080	\$ 20,486	\$ 90,566
Contracted Fares	77,404	-	77,404
Interest	9	-	9
Miscellaneous	1,365	400	1,765
Transfer from general fund	<u>52,950</u>	<u>30,550</u>	<u>83,500</u>
Total local revenues	<u>\$ 201,808</u>	<u>\$ 51,436</u>	<u>\$ 253,244</u>

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)

FOR THE YEAR ENDED JUNE 30, 2020

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures				Prior Year's Expended	Award Amount Remaining
				Total	Federal	State	Local		
U.S. Department of Transportation									
Passed through Michigan Department of Transportation									
Formula Grants for Rural Areas									
Operating assistance - section 5311 - 2016 receipt	20.509	2012-0022/P5	\$ -	\$ 1,691	\$ 1,691	\$ -	\$ -	\$ -	\$ (1,691)
Operating assistance - section 5311 - 2018 accrual reversal	20.509	2017-0022/P4	-	(7,103)	(7,103)	-	-	-	7,103
Operating assistance - section 5311 - 2018 accrual	20.509	2017-0022/P4	-	9,272	9,272	-	-	-	(9,272)
Operating assistance - section 5311 - 2019 accrual reversal	20.509	2017-0022/P7	-	(37,204)	(37,204)	-	-	91,987	(54,783)
Operating assistance - section 5311 - 2019 receipt	20.509	2017-0022/P7	109,566	54,783	54,783	-	-	-	54,783
Operating assistance - section 5311 - 2020 accrual	20.509	2017-0022/P10	-	86,200	86,200	-	-	-	(86,200)
Cares Act - section 5311 - 2020 accrual	20.509	2017-0022/P10	-	28,733	28,733	-	-	-	(28,733)
Training grants									
RTAP	N/A		-	2,539	2,539	-	-	-	(2,539)
Capital grants									
Capital grant - section 5311	20.509	2017-0022/P6	137,267	135,095	108,076	27,019	-	-	2,172
Capital grant - section 5311	20.509	2017-0022/P3	250,000	250,000	200,000	50,000	-	-	-
			496,833	524,006	446,987	77,019	-	91,987	(119,160)
Michigan Department of Transportation									
Operating assistance									
Operating Assistance - Act 51 accrual reversal	N/A	FY17	N/A	(19,917)	-	(19,917)	-	-	-
Operating Assistance - Act 51 accrual reversal	N/A	FY18	N/A	(29,070)	-	(29,070)	-	-	-
Operating Assistance - Act 51 receipt	N/A	FY18	N/A	14,424	-	14,424	-	-	-
Operating Assistance - Act 51 accrual	N/A	FY18	N/A	20,180	-	20,180	-	-	-
Operating Assistance - Act 51 accrual reversal	N/A	FY19	N/A	(36,458)	-	(36,458)	-	-	-
Operating Assistance - Act 51 receipt	N/A	FY19	N/A	57,931	-	57,931	-	-	-
Operating Assistance - Act 51 accrual	N/A	FY19	N/A	42,840	-	42,840	-	-	-
Operating Assistance - Act 51 receipt	N/A	FY20	N/A	165,773	-	165,773	-	-	-
Operating Assistance - Act 51 accrual	N/A	FY20	N/A	11,061	-	11,061	-	-	-
Capital grant									
Operating Assistance - Act 51 accrual	N/A	2017-0022/P5	N/A	267,438	-	267,438	-	-	-
Total Michigan Department of Transportation			-	494,202	-	494,202	-		
Total			\$ 496,833	\$ 1,018,208	\$ 446,987	\$ 571,221	\$ -	\$ 91,987	\$ (119,160)

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)
FOR THE YEAR ENDED JUNE 30, 2020

	7/1/19 to 9/30/2019	10/1/19 to 6/30/2020	Total
Michigan Department of Transportation			
Formula operating Assistance - Act 51 - 2017 accrual reversal	\$ (19,917)	\$ -	\$ (19,917)
Formula operating Assistance - Act 51 - 2018 accrual reversal	(29,070)	-	(29,070)
Formula operating Assistance - Act 51 - 2018 receipt	-	14,424	14,424
Formula operating Assistance - Act 51 - 2018 accrual	-	20,180	20,180
Formula operating Assistance - Act 51 - 2019 accrual reversal	(36,458)	-	(36,458)
Formula operating assistance - Act 51 - 2019 receipt	57,931	-	57,931
Formula operating assistance - Act 51 - 2019 accrual	-	42,840	42,840
Formula operating assistance - Act 51 - 2020 receipt	-	165,773	165,773
Formula operating assistance - Act 51 - 2020 accrual	-	11,061	11,061
Total Michigan Department of Transportation	<u>(27,514)</u>	<u>254,278</u>	<u>226,764</u>
Federal grants			
Operating assistance - section 5311 - 2012-0022/P5 - 2016 receipt	1,691	-	1,691
Operating assistance - section 5311 - 2017-0022/P4 - 2018 accrual reversal	(7,103)	-	(7,103)
Operating assistance - section 5311 - 2017-0022/P4 - 2018 receipt	-	9,272	9,272
Operating assistance - section 5311 - 2017-0022/P7 - 2019 accrual reversal	(37,204)	-	(37,204)
Operating assistance - section 5311 - 2017-0022/P7 - 2019 receipt	27,392	27,391	54,783
Operating assistance - section 5311 - 2017-0022/P10 - 2020 accrual	-	86,200	86,200
CARES Act - section 5311 - 2017-0022/P10 - 2020 accrual	-	28,733	28,733
RTAP funding	2,238	301	2,539
Total federal grants	<u>(12,986)</u>	<u>151,897</u>	<u>138,911</u>
Total	<u>\$ (40,500)</u>	<u>\$ 406,175</u>	<u>\$ 365,675</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2B and 4R)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	10/1/18 to 6/30/2019	7/1/19 to 9/30/2019	Total
Michigan Department of Transportation			
Formula operating Assistance - Act 51 - 2017 preliminary settlement	\$ 14,461	\$ -	\$ 14,461
Formula operating Assistance - Act 51 - 2017 accrual	19,917	-	19,917
Formula operating Assistance - Act 51 - 2017 accrual reversal	-	(19,917)	-
Formula operating Assistance - Act 51 - 2018 accrual	29,070	-	29,070
Formula operating Assistance - Act 51 - 2018 accrual reversal	-	(29,070)	(29,070)
Formula operating assistance - Act 51 - 2019 accrual	36,458	-	36,458
Formula operating assistance - Act 51 - 2019 accrual reversal	-	(36,458)	(36,458)
Formula operating assistance - Act 51 - 2019 receipt	158,078	57,931	216,009
Total Michigan Department of Transportation	<u>257,984</u>	<u>(27,514)</u>	<u>250,387</u>
Federal grants			
Operating assistance - section 5311 - prior year accrual reversal	(21,185)	-	(21,185)
Operating assistance - section 5311 - 2012-0022/P5 - 2016 receipt	-	1,691	1,691
Operating assistance - section 5311 - 2017-0022/P1 - 2017 accrual reversal	(9,284)	-	(9,284)
Operating assistance - section 5311 - 2017-0022/P4 - 2018 receipt	31,433	-	31,433
Operating assistance - section 5311 - 2017-0022/P4 - 2018 accrual	7,103	-	7,103
Operating assistance - section 5311 - 2017-0022/P4 - 2018 accrual reversal	-	(7,103)	(7,103)
Operating assistance - section 5311 - 2017-0022/P7 - 2019 receipt	54,783	-	54,783
Operating assistance - section 5311 - 2017-0022/P7 - 2019 accrual	37,204	-	37,204
Operating assistance - section 5311 - 2017-0022/P7 - 2019 accrual reversal	-	(37,204)	(37,204)
Operating assistance - section 5311 - 2017-0022/P4 - 2019 receipt	-	27,392	27,392
RTAP funding	609	2,238	2,847
Total federal grants	<u>100,663</u>	<u>(12,986)</u>	<u>87,677</u>
Total	<u>\$ 358,647</u>	<u>\$ (40,500)</u>	<u>\$ 338,064</u>

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING AND CONTRACT EXPENSES (3)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Regular service</u>		<u>Total System</u>
	<u>FY 2019</u>	<u>FY 2020</u>	
Operating expenses			
Labor			
Salaries and wages	\$ 59,091	\$ 257,006	\$ 316,097
Fringe benefits	25,374	70,954	96,328
Services			
Other services	12,877	55,314	68,191
Materials and supplies			
Fuel	12,828	42,157	54,985
Other materials and supplies	47,071	34,769	81,840
Casualty and liability costs			
Insurance	7,246	-	7,246
Utilities	2,725	12,780	15,505
Miscellaneous			
Other	2,060	253	2,313
Depreciation	<u>11,538</u>	<u>53,387</u>	<u>64,925</u>
Total operating expenses	\$ 180,810	\$ 526,620	\$ 707,430

The following cost allocation plans were adhered to in the preparation of the financial statements:

2006 Maintenance and Administrative Costs

The following cost allocation plans were not used in the current fiscal year:

2006 Utilities and Snow Removal

2009 Charter Service

The City does not have an other post-employment benefit plan. The transit system only has employees eligible to participate in the City's defined contribution pension plan. All defined contribution pension plan expenses were paid to the pension plan.

\$479 of insurance pool dividends (miscellaneous revenue) are reported as ineligible expense.

Expenses associated with 406xx and 407xx revenues are subtracted out as ineligible expenses when required by Michigan Department of Transportation guidance.

The eligible depreciation of \$7,687 includes the depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by OPT.

Capital grant funding used for operating expenses has been reported as ineligible expenses.

CITY OF BIG RAPIDS

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSE SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)

FOR THE YEAR ENDED JUNE 30, 2020

	<u>7/1/19 to 9/30/2019</u>	<u>10/1/19 to 6/30/2020</u>	<u>Total</u>
Expenses			
Labor	\$ 59,091	\$ 257,006	\$ 316,097
Fringe benefits	25,374	70,954	96,328
Service	12,877	55,314	68,191
Materials and supplies	59,899	76,926	136,825
Casualty and liability costs	7,246	-	7,246
Utilities	2,725	12,780	15,505
Miscellaneous	2,060	253	2,313
Depreciation	<u>11,538</u>	<u>53,387</u>	<u>64,925</u>
Total expenses	<u>\$ 180,810</u>	<u>\$ 526,620</u>	<u>\$ 707,430</u>

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING EXPENSE SPLIT BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3B)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>10/1/18 to 6/30/2019</u>	<u>7/1/19 to 9/30/2019</u>	<u>Total</u>
Expenses			
Labor	\$ 255,781	\$ 59,091	\$ 314,872
Fringe benefits	(135,196)	25,374	(109,822)
Service	31,740	12,877	44,617
Materials and supplies	152,339	59,899	212,238
Casualty and liability costs	-	7,246	7,246
Utilities	12,391	2,725	15,116
Miscellaneous	1,018	2,060	3,078
Depreciation	<u>28,155</u>	<u>11,538</u>	<u>39,693</u>
Total expenses	<u>\$ 346,228</u>	<u>\$ 180,810</u>	<u>\$ 527,038</u>

Negative benefit expense above (10/1/18 to 6/30/19) is the result of reducing the 2018 net pension liability from \$194,354 to \$0. The resulting reduction in expenses will be reported as an eligible expense reduction.

CITY OF BIG RAPIDS

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF NONURBAN REGULAR SERVICE EXPENSES 4E

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 247,487	\$ -	\$ 67,385	\$ 314,872
Fringe benefits	17,182	-	(127,004)	(109,822)
Services				
Other services	28,477	16,140	-	44,617
Materials and supplies				
Fuel	56,493	-	-	56,493
Other materials and supplies	9,541	146,204	-	155,745
Casualty and liability costs				
Insurance	7,246	-	-	7,246
Utilities	15,116	-	-	15,116
Miscellaneous				
Travel, meetings and training	-	300	2,778	3,078
Other	-	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>39,693</u>	<u>39,693</u>
Total operating expenses	<u>\$ 381,542</u>	<u>\$ 162,644</u>	<u>\$ (17,148)</u>	<u>527,038</u>
Ineligible expenses				
Ineligible depreciation	\$ -	\$ -	\$ 39,693	39,693
Ineligible insurance reimbursement	-	-	778	778
Eligible pension expense accrual	-	-	(194,354)	(194,354)
Ineligible RTAP	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>2,202</u>
Total ineligible expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (151,681)</u>	<u>(151,681)</u>
Total eligible expenses				<u>\$ 678,719</u>

CITY OF BIG RAPIDS

DIAL-A-RIDE TRANSIT FUND OPERATING ASSISTANCE CALCULATION 5

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 314,872
Fringe benefits	(109,822)
Service	44,617
Materials and supplies	212,238
Casualty and liability costs	7,246
Utilities	15,116
Miscellaneous	3,078
Depreciation	<u>39,693</u>
Total expenses	<u>527,038</u>
Less ineligible expenses	
Ineligible depreciation	39,693
Ineligible insurance reimbursement	778
Eligible pension expense accrual	(194,354)
Ineligible RTAP	<u>2,202</u>
Total ineligible expenses	<u>(151,681)</u>
State eligible expenses	<u>\$ 678,719</u>
State operating assistance - 38.1712%	<u><u>\$ 259,075</u></u>
Federal eligible expenses	
State eligible expenses	\$ 678,719
Less additional federal ineligible expenses	
Audit costs	<u>2,700</u>
Federal eligible expenses	<u>\$ 676,019</u>
Section 5311 reimbursement - 18%	<u><u>\$ 125,064</u></u>

Depreciation expenses is excluded from eligible expense as all assets were purchased with grant funding.

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Miles</u> <u>Regular</u>	<u>Hours</u> <u>Regular</u>
Demand response		
Fourth quarter (7/1/19 to 9/30/19)	33,029	2,915
First quarter (10/1/19 to 12/31/19)	31,619	2,822
Second quarter (1/1/20 to 3/31/20)	36,422	3,118
Third quarter (4/1/20 to 6/30/20)	<u>17,104</u>	<u>1,739</u>
Total	<u>118,174</u>	<u>10,594</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Miles</u> <u>Regular</u>	<u>Hours</u> <u>Regular</u>
Demand response		
First quarter (10/1/18 to 12/31/18)	31,826	2,728
Second quarter (1/1/19 to 3/31/19)	38,499	3,234
Third quarter (4/1/19 to 6/30/19)	36,874	3,324
Fourth quarter (7/1/19 to 9/30/19)	<u>33,029</u>	<u>2,915</u>
Total	<u>140,228</u>	<u>12,201</u>

The methodology used for compiling miles and other nonfinancial data information has been reviewed and the methodology has been found to be adequate and reliable.

CONTINUING DISCLOSURE FILING

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

A. Number of Water Customers

<u>Type of User</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	1,636	1,635	1,630	1,624	1,620
Commerical	405	398	396	392	392
Institutional	279	278	261	228	225
Industrial	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total	<u>2,337</u>	<u>2,328</u>	<u>2,304</u>	<u>2,261</u>	<u>2,254</u>

Source: City of Big Rapids

B. Water Consumption By Category (1,000 Gallons)

<u>Type of User</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential, commerical, industrial	209,966	207,201	217,956	211,653	218,416
Government/institutional	<u>92,882</u>	<u>108,775</u>	<u>118,185</u>	<u>112,778</u>	<u>114,373</u>
Total	<u>302,848</u>	<u>315,976</u>	<u>336,141</u>	<u>324,431</u>	<u>332,789</u>

Source: City of Big Rapids

C. Percentage of Water Consumption By Category

<u>Type of User</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	23%	20%	21%	22%	21%
Governmental/Institutional	31%	34%	35%	35%	35%
Commercial/Industrial	<u>46%</u>	<u>46%</u>	<u>44%</u>	<u>43%</u>	<u>44%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: City of Big Rapids

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

D. Water Pumped vs. Water Sold

The following table presents five-year history of the number of gallons of water pumped vs. the number of gallons of water sold.

<u>Fiscal year</u>	<u>Gallons Pumped</u>	<u>Gallons Sold</u>	<u>Sold as a % of Pumped</u>
2015-2016	407.7	332.8	81.63%
2016-2017	398.8	324.4	81.34%
2017-2018	395.4	336.1	85.00%
2018-2019	368.6	316.1	85.75%
2019-2020	343.4	302.8	88.18%

*Gallons are millions of gallons
Source: City of Big Rapids

E. Water Rates (As of July 1, 2019)

The City has implemented the following rates.

<u>Meter Size (inches)</u>	<u>Monthly Capacity Charge for Non-Institutional</u>	<u>Monthly Capacity Charge for Institutional</u>
5/8	\$ 5.00	\$ 10.00
3/4	9.78	19.57
1	28.02	56.03
1 1/2	58.53	117.05
2	153.46	306.91
3	272.30	544.61
4	248.74	497.48
6	543.16	1,086.32

Commodity charges are \$6.15/1,000 gallons for non-institutional, 7.00/1,000 gallons for institutional
Source: City of Big Rapids

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

F. Historical Net Earnings and Cash Flow - Water Supply System Fund

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenue	\$ 2,776,176	\$ 2,709,534	\$ 2,703,426	\$ 2,609,258	\$ 2,540,350
Operating expense	<u>1,245,443</u>	<u>2,416,749</u>	<u>1,759,224</u>	<u>1,748,612</u>	<u>2,379,478</u>
Operating income	1,530,733	292,785	944,202	860,646	160,872
Interest revenue	50,562	35,385	6,302	10,921	20,268
Interest expense	<u>-</u>	<u>-</u>	<u>(7,135)</u>	<u>(28,128)</u>	<u>(37,168)</u>
Net income	1,581,295	328,170	943,369	843,439	143,972
Plus : Depreciation expense	375,995	371,143	369,991	369,250	353,334
Plus: Interest expense	<u>-</u>	<u>(35,385)</u>	<u>7,135</u>	<u>28,128</u>	<u>37,168</u>
Net revenue	<u>\$ 1,957,290</u>	<u>\$ 663,928</u>	<u>\$ 1,320,495</u>	<u>\$ 1,240,817</u>	<u>\$ 534,474</u>
Maximum annual debt service requirements	<u>\$ 339,325</u>	<u>\$ 339,325</u>	<u>\$ 339,325</u>	<u>\$ 339,325</u>	<u>\$ 339,325</u>
Coverage ratio	5.77%	1.96%	3.89%	3.66%	1.58%

Source: City of Big Rapids audited financial statements

G. Water Usage and Revenue - Ten Largest Customers

<u>Customer</u>	<u>Usage (1,000) Gallons</u>		<u>Revenues</u>	
	<u>Usage</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Ferris State University	58,460	45.90%	\$ 662,358	53.16%
Haworth	19,614	15.40%	124,596	10.00%
Spectrum Health	10,239	8.04%	94,687	7.60%
Hillcrest/Oakwood	9,937	7.80%	80,656	6.47%
Big Rapids Housing Commission	7,473	5.87%	87,211	7.00%
Campus Creek Apartments	4,835	3.80%	71,416	5.73%
Big Rapids Products	4,690	3.68%	30,848	2.48%
Jennings Trailer Park	4,256	3.34%	30,560	2.45%
Altercare	4,044	3.17%	33,525	2.69%
Holiday Inn	3,827	3.00%	30,054	2.41%
Total	<u>127,375</u>	<u>100.00%</u>	<u>\$ 1,245,911</u>	<u>100.00%</u>

*Based on 2020 fiscal year usage of 302,848 gallons and revenues of \$2,727,304

Source: City of Big Rapids

H. Major Water Customers within the City - Five Year History

<u>Fiscal year</u>	<u>Ferris State University</u>	<u>Spectrum Health</u>	<u>Big Rapids Housing Commission</u>	<u>Haworth</u>	<u>Hillcrest/Oakwood</u>
2015	83,324	10,509	7,217	18,573	9,364
2016	83,731	10,345	6,597	16,566	8,191
2017	81,080	8,802	7,308	15,891	8,771
2018	83,173	8,589	7,634	17,382	9,114
2019	73,286	9,913	7,239	18,689	7,096

*Based on usage in millions of gallons

Source: City of Big Rapids

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SINGLE AUDIT SECTION



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

December 30, 2020

Honorable Mayor and Members of the City Council
City of Big Rapids, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Big Rapids, Michigan, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Big Rapids, Michigan's basic financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Response to Finding

City of Big Rapids, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Orlando Haefner LLC



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 30, 2020

Honorable Mayor and Members of the City Council
City of Big Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited the City of Big Rapids, Michigan's, (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Uredaxeld Haefner LLC

CITY OF BIG RAPIDS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Grant Number	CFDA Number	Federal Expenditures
U.S. Department of Justice Passed through Michigan State Police CMET Reimbursement		16.738	\$ 10,197
U.S. Department of Housing & Urban Development Michigan Economic Development Corporation Community Development Block Grant Frozen Water/Sewer Infrastructure	MSC 217046-FRZ	14.228	694,120
Frozen Water/Sewer Infrastructure	MSC 217046-FRZ	14.228	501,569
Total U.S. Department of Housing & Urban Development			1,195,689
U.S. Department of Agriculture Forest Service Michigan Department of Natural Resources Community Forestry Program		10.664	9,175
U.S. Department of Transportation Michigan Department of Transportation Federal Section 5339 Bus & Bus Facilities	2017-0022/P6	20.526	108,076
RTAP Training funds		20.509	2,539
Federal Section 5311 Capital Grants	2017-0022/P3	20.509	200,000
Federal Section 5311 Operating	2012-0022/P5	20.509	1,691
Federal Section 5311 Operating	2017-0022/P4	20.509	2,169
Federal Section 5311 Operating	2017-0022/P7	20.509	17,579
Federal Section 5311 Operating	2017-0022/P10	20.509	86,200
Federal Section 5311 Operating	2017-0022/P10	20.509	28,733
Total U.S. Department of Transportation			338,911
Total Federal Awards			\$ 1,662,048

See notes to schedule of expenditures of federal awards.

CITY OF BIG RAPIDS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.

2. Reconciliation of revenues from federal sources per financial statements and expenditures per the Schedule of Expenditures of Federal Awards:

Federal revenue reported in governmental funds	\$ 713,492
Federal revenue reported in proprietary funds	
Operating grant	138,911
Capital grant	<u>809,645</u>
Expenditures reported on the schedule of expenditure of federal awards	<u>\$ 1,662,048</u>

3. The City did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

CITY OF BIG RAPIDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	<u> </u> yes	<u> X </u> no

Identification of major programs:

CFDA Number(s)

20.509

Name of Federal Program or Cluster

Transit Formula Grant

Dollar threshold used to distinguish between Type A and B programs:

 \$750,000

Auditee qualified as low-risk auditee?

 yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 - material weakness

Condition and Criteria: Significant audit adjustments were necessary during the course of the audit to compile year-end financial statements from the reported City's general ledger balances.

Cause: The City did not provide a trial balance for the audit process with all necessary adjustments to prepare financial statements in accordance with generally accepted accounting principles. Reconciliation and correction of account balances did not occur for all accounts before the audit process began.

Effect: Auditing standards require significant audit adjustments be reported as a material weakness.

Recommendation: The City's system of controls should be modified so that all adjustment necessary to prepare financial statements in accordance with generally accepted accounting principles are recorded on the general ledger.

Management Response: The City has implemented the following procedures to minimize the number and extent of proposed audit adjustments with a goal of zero proposed audit adjustments being identified during the audit process. Balances reported in the audited financial statements will be reconciled to general ledger balances within 2 weeks of receiving draft audited financial statements. Prior year audit adjustments will be reviewed and considered during the audit preparation process so that audit adjustments are not repeated.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted.