

City of Newaygo  
Newaygo County, Michigan

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

June 30, 2022



City of Newaygo

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
City of Newaygo  
Newaygo, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newaygo, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As discussed in Note N to the financial statements, in the year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

Honorable Mayor and Members  
of the City Council  
City of Newaygo  
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## **Report on the Audit of the Financial Statements—Continued**

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

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

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

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

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

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

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

Honorable Mayor and Members  
of the City Council  
City of Newaygo  
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**Report on the Audit of the Financial Statements—Continued**

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the City of Newaygo, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Newaygo Michigan’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newaygo, Michigan’s internal control over financial reporting and compliance.



Muskegon, Michigan  
December 6, 2022

# CITY OF NEWAYGO, MICHIGAN

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## Management's Discussion and Analysis

The City Manager and staff of the City of Newaygo present to the readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage you to consider the information presented in the financial statements along with the additional information that has been furnished in this letter.

### **FINANCIAL HIGHLIGHTS**

Some financial highlights for the fiscal year ended June 30, 2022 include the following:

- The City completed various paving or repair projects on several streets, drives, and lots during the year for approximately \$190,000. Under the new River Hills Estates No 2 plat, the City received new streets valued at approximately \$293,000. Also, a different lane configuration was approved by MDOT on M37 in downtown Newaygo which included parking on both sides of the street. The goal was to increase the vibrancy of the City through increased parking, better access to businesses and improved walkability.
- Some vehicles and equipment were purchased totaling approximately \$134,000. Some used or obsolete equipment was sold. Proceeds from the sales totaled approximately \$300.
- The General Fund fund balance decreased by approximately \$140,000 for the year mostly due to contributions to the water main project along M37.
- Water system improvements of approximately \$1,367,000 were completed during the year. Most of the expense relates to new water mains installed along M37 between East St and Water St. Funding sources for the project were: City General Fund, Water Fund, Major Streets Fund, TIFA, CIP Bond, and ARPA funds.
- The City of Newaygo issued capital improvement bonds in the amount of \$300,000 for a term of 10 years at interest rates ranging from 0.50% to 1.41% for upgrade of water mains along M37.
- The City of Newaygo received approximately \$108,000 from the American Rescue Plan Act (ARPA). The money was applied to the water main improvements along M37.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) notes to the financial statements and 3) fund 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 the reader with a broad overview of the City's finances. These statements are similar to those of a private sector business.

The Statement of Net Position presents information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows or resources, 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.

## Management's Discussion and Analysis

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the 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 the future fiscal periods. In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including public safety, public works, general administration, community and economic development and culture and recreation. Property taxes and state shared revenues finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services provided. The City's water and sewer systems are reported here.
- Component unit activities – Component units are separate legal entities for which the City of Newaygo has some level of financial accountability. The City has two component units, the Tax Increment Finance Authority (TIFA) and Local Development Finance Authority (LDFA). TIFA and LDFA exist primarily for the issuance and repayment of debt to finance improvement projects in specific areas of the City.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant City funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council has established several other funds to help it control and manage money for particular purposes. The City has the following kinds of funds:

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds in reconciliation along with the fund financial statements.
- Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. The City's enterprise and internal service funds are proprietary funds. The City's water and sewer operations comprise the enterprise funds. The Equipment Pool is the only internal service fund. Proprietary funds are reported in the same way activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail with additional information, such as a statement of cash flows.
- Fiduciary funds - The City is the trustee, or fiduciary, for certain funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statements of net position and statement of change in net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

### **Notes to 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. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information as it relates to the actual expenditures for the major funds.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary information.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis of the government-wide financials focuses mainly on two things, net position (Statement of Net Position) and changes in net position (Statement of Activities) of the City's governmental and business-type activities. The Component Units (TIFA and LDFA) are not included in these figures.

### **Net Position**

The first table presented below is a summary of the government-wide statement of net position for the City of Newaygo. As stated earlier, the net position may be used as an indicator of a government's financial health. As of June 30, 2022, the City's net position from governmental activities totaled approximately \$6,348,000 and \$9,239,000 from business-type activities, creating a total government-wide net position total of approximately \$15,587,000.

In examining the composition of net position, the reader should note that net position for governmental activities are mostly invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc.). These assets are used to provide services to the City's residents, and they are not available to pay salaries, operational expenses or fund capital projects. Net investment in capital assets is approximately \$4,055,000. Restricted net position, those restricted mainly for streets and highways, debt service, and capital projects were approximately \$954,000. The unrestricted net position for governmental-type activities is approximately \$1,339,000. This represents the amount of discretionary resources that can be used for general governmental operations.

Some of the more significant changes in activities from last year are as follows:

For governmental activities, current assets and other assets increased due to a new requirement to book lease revenue expected over time. Capital assets increased due to current year capital asset additions (mainly road improvements and equipment purchases) exceeding depreciation. Current liabilities increased primarily due to increased accounts payable relating to paving roads and the crushing of concrete. Deferred inflows increased due to a new requirement to book lease requirements as a deferred inflow. Unrestricted net position decreased primarily due to a decrease in cash reserves.



# CITY OF NEWAYGO, MICHIGAN

## Management's Discussion and Analysis

For business activities, current assets and other assets increased due primarily to an increase in cash reserves. Capital assets increased due to capital asset purchases (new water mains) exceeding current year depreciation. Current liabilities increased due to increased accounts payable for water system improvements relating to new water mains installed along M37. Unrestricted net position did not change significantly.

Net position (in thousands) as of June 30, follows:

	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current assets and other assets	\$ 2,986	\$ 2,462	\$ 2,219	\$ 2,045	\$ 5,205	\$ 4,507
Capital assets	4,067	3,770	14,825	13,996	18,892	17,766
Total assets	7,053	6,232	17,044	16,041	24,097	22,273
Current liabilities	175	68	519	206	694	274
Noncurrent liabilities	51	45	7,286	7,252	7,337	7,297
Deferred inflows	479	-	-	-	479	-
Total liabilities and deferred inflows	705	113	7,805	7,458	8,510	7,571
Net position						
Net investment in capital assets	4,055	3,770	7,340	6,714	11,395	10,484
Restricted	954	849	566	556	1,520	1,405
Unrestricted	1,339	1,500	1,333	1,313	2,672	2,813
Total net position	<b>\$ 6,348</b>	<b>\$ 6,119</b>	<b>\$ 9,239</b>	<b>\$ 8,583</b>	<b>\$ 15,587</b>	<b>\$ 14,702</b>

### Changes in Net Position

#### **Governmental Activities**

Regarding revenues, charges for services increased due to more revenue for rent, public safety services, and reimbursements. Operating grants and contributions increased primarily due to increased state contributions for road maintenance. Capital grants and contributions decreased primarily due to less grant funds received for public works projects. Grants and contributions not restricted decreased primarily due to smaller distributions from component units (TIFA and LDFA). Other revenue category decreased due to less restitution received.

Regarding expenses, general government increased mostly due to more legal and cemetery expenses. Public works increased due to the cost to crush concrete and higher road and sidewalk maintenance costs. Community and economic development decreased due to lack of building façade projects. The amount in transfers is related to the City General Fund contributing to a water system project.

# CITY OF NEWAYGO, MICHIGAN

## Management's Discussion and Analysis

### Business-Type Activities

Regarding revenues, charges for services decreased primarily due to reclassifying connection fees to capital grants.

Sewer expenses decreased primarily due to decreased debt fees and interest. Water expenses decreased primarily due to decreased debt fees and interest, and less repairs/maintenance costs. The amount in transfers is related to the City General Fund contributing to a water system project. Changes in net position (in thousands) as of June 30, follows:

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues						
Charges for services	\$ 441	\$ 362	\$ 1,222	\$ 1,280	\$ 1,663	\$ 1,642
Operating grants and contributions	438	370	-	8	438	378
Capital grants and contributions	439	508	834	850	1,273	1,358
General revenues						
Property taxes	310	301	-	-	310	301
Franchise fees	19	19	-	-	19	19
Grants and contributions not restricted	584	643	-	-	584	643
Unrestricted investment earnings	16	7	3	4	19	11
Other	44	310	-	-	44	310
Total revenues	2,291	2,520	2,059	2,142	4,350	4,662
Expenses:						
General government	410	349	-	-	410	349
Public safety	580	581	-	-	580	581
Public works	829	724	-	-	829	724
Community and economic development	58	426	-	-	58	426
Culture and recreation	135	121	-	-	135	121
Sewer	-	-	736	792	736	792
Water	-	-	717	794	717	794
Total expenses	2,012	2,201	1,453	1,586	3,465	3,787
Increase (decrease) in net position before transfers	279	319	606	556	885	875
Transfers	(50)	(100)	50	100	-	-
Change in net position	229	219	656	656	885	875
Net position - Beginning	6,119	5,900	8,583	7,927	14,702	13,827
Net position - Ending	<b>\$ 6,348</b>	<b>\$ 6,119</b>	<b>\$ 9,239</b>	<b>\$ 8,583</b>	<b>\$ 15,587</b>	<b>\$ 14,702</b>

# CITY OF NEWAYGO, MICHIGAN

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## Management's Discussion and Analysis

### **ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS**

As stated earlier in this discussion and analysis, 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 in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2022, the City governmental funds reported a combined fund balance of \$1,981,026. This number represents the fund balance of \$1,027,283 in the General Fund and \$953,743 in other governmental funds. The unassigned fund balance in the General Fund represents what is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. During the current fiscal year, the General Fund saw a fund balance decrease of \$140,699. This decrease was primarily the result of component unit money spent on a water system project instead of being transferred to the General Fund.

#### **Enterprise Funds**

The City's Enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. In the financial statements, Sewer Fund and Water Fund are grouped together as "Enterprise Funds". As of June 30, 2022, unrestricted net position of the Sewer Fund and Water Fund were \$631,687 and \$564,526, respectively.

The largest single expense item for the Water and Sewer Funds is depreciation expense. With large infrastructure improvements and equipment purchases in the last few years, the City has more and newer capital assets that are depreciated each year.

#### **Component Units**

TIFA finances many of the City's infrastructure projects through property tax revenues and debt issuance, but TIFA normally does not own any of the improvements. The TIFA had an increase in net position of \$146,382. TIFA continues to assist the City with various infrastructure projects. TIFA also owns and operates a facility that serves as a co-working & office space, business incubator, and economic development hub for the area. TIFA debt was refinanced at an interest rate of 1.85% in fiscal year ended June 30, 2020 and is scheduled to be paid off by 2030. Prior interest rates were as high as 7%.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council made some budget amendments to the General Fund budget. Revenue amendments primarily related to increased state revenue sharing, more cemetery lot sales, and less crushed concrete available for sale. For expenses, amendments related to increased legal and personnel costs and the expense to crush more concrete.

The final amended budget to actual showed some budget variances. Regarding revenues, more than expected miscellaneous and State shared revenues were received. Regarding expenditures, law enforcement expenses were less than expected, and some budgeted projects for the parks were unable to be completed before end of the fiscal year.

# CITY OF NEWAYGO, MICHIGAN

## Management's Discussion and Analysis

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2022, the City had \$18,892,315, net of depreciation, invested in a broad range of capital assets including land, buildings, public safety equipment, roads, parks and water and sewer infrastructure. This represents an increase of \$1,126,867 from last year. This increase was primarily the result of improvements to the City's water system. The City had a number of capital asset additions during the year including, but not limited to, street paving (approximately \$190,000), and purchase of vehicles and equipment (approximately \$134,000).

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 425,690	\$ 425,690	\$ 429,500	\$ 429,500	\$ 855,190	\$ 855,190
Land improvements	220,510	263,293	-	-	220,510	263,293
Building and improvements	494,825	531,647	-	-	494,825	531,647
Furniture, vehicles and equipment	631,644	582,043	47,306	38,031	678,950	620,074
Infrastructure	2,294,216	1,967,241	14,348,624	13,398,328	16,642,840	15,365,569
Construction in progress	-	-	-	129,675	-	129,675
<b>Total</b>	<b>\$ 4,066,885</b>	<b>\$ 3,769,914</b>	<b>\$ 14,825,430</b>	<b>\$ 13,995,534</b>	<b>\$ 18,892,315</b>	<b>\$ 17,765,448</b>

Additional information on capital assets can be found in the notes to the financial statements.

#### Long-Term Debt

At June 30, 2022, the City had \$7,579,793 in long-term debt outstanding. This amount is comprised of many different debt obligations, most of which is attributed to debts on infrastructure for water and sanitary sewer systems.

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue bonds	\$ -	\$ -	\$ 7,185,000	\$ 7,282,000	\$ 7,185,000	\$ 7,282,000
General obligation bonds	-	-	300,000	-	300,000	-
Capital lease	11,757	-	-	-	11,757	-
Compensated absences	54,655	55,741	28,381	28,013	83,036	83,754
<b>Total</b>	<b>\$ 66,412</b>	<b>\$ 55,741</b>	<b>\$ 7,513,381</b>	<b>\$ 7,310,013</b>	<b>\$ 7,579,793</b>	<b>\$ 7,365,754</b>

In addition to the City's debt, the TIFA component unit had outstanding long-term debt totaling \$1,175,000. The debt is for a building owned by TIFA that serves as a business incubator, co-working & office space, and economic development hub. Debt issued by the component unit is typically secured by the limited full faith and credit of the City and so it is an important consideration in assessing the City's overall fiscal health.

Additional information concerning long-term debt can be found in the notes to the financial statements.

### **GENERAL ECONOMIC OVERVIEW**

The City depends on four major sources of income to fund operations: local property taxes, state shared revenues from sales tax, state street funds, and water and sewer utility fees. Clearly, discussion of the City's financial outlook must center on these major income sources.

#### *Local Property Tax*

The current 2022-23 City budget maintains the existing City millage rate of 17.75. The City continues to evaluate the City millage amount as part of an on-going effort by the City Council and staff to levy an appropriate tax that generates revenues sufficient to cover community operations and projects, and promote economic growth. The property tax values for real property are expected to rise due high inflation and increased economic activity and continued high demand for housing.

The City of Newaygo in partnership with The Right Place, Inc. continues to work diligently toward economic growth. Good managed growth will add to the tax revenue of the City and help to reduce the tax burden on each individual taxpayer of the City while improving the quality of life for all citizens. A medical center, an apartment complex, several new houses, and a commercial building that houses Biggby Coffee have been completed that have added to the City's tax revenue and also created more jobs. A couple new industrial businesses, a restaurant, some new homes, and an office building are expected during the current fiscal year. Besides promotion, the City continues to work on beautification of structures and spaces. In addition, the Stream Building is an innovative office complex located in downtown Newaygo. It is a multi-purpose facility with various working environments. It serves as a business incubator, co-working and remote work space, and a talent development center with staff focused on economic development. This facility will encourage economic growth for the community through education, job creation, and allowing people to remain in the community to work and recreate. These items will influence the need for housing and commercial property which will affect local property tax revenues. Positive results have been seen as approximately 100 new dwelling units have been built in town over the last couple years. More dwelling units are expected in the coming years.

Another factor influencing property tax revenues is Proposal A (1994). The statewide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because certain properties may increase in value by less than inflation, the result is that the City's total taxable value may grow less than inflation. In addition, almost the entire City is part of a TIFA district. This means that most of the tax revenue available to the General Fund for City operations is capped at a certain amount. This has been true since the formation of the TIFA District back in 1985. However, the Riverbank Project land on the west end of the City is not located in the TIFA district and if developed will bring more revenue to the General Fund.

#### *State Shared Revenues*

State shared revenues are based on sales tax revenues. Part of the distribution formula is based on population. The 2020 census showed an increase in the City population by approximately 500 people. With new housing continuing to be built in the City, population is expected to increase thereby resulting in more revenue for the City. Revenues have increased the last couple years. Recent inflation may affect the economy moving forward. Management continues to monitor this situation and the affect any changes will have on the City's budget. Currently, State shared sales tax revenues represent approximately 20% of total General Fund revenues.

### *Street Funds*

The State of Michigan also returns to the City a share of gasoline tax revenues to help fund maintenance and construction of major and local streets in the City. The current formula is largely based off of gallons of fuel used. Fuel usage is expected to decline as newer vehicles are more fuel efficient and electric vehicles becoming more popular. During 2022-23, sidewalks may be added to some streets and repaired on others. Several roads will be repaired using "chip sealing" or paving. These projects are expected to be paid for largely with TIFA funds, since funding received from state fuel tax is not adequate enough to cover the costs of major repairs or new construction.

### *Water and Sewer Fees*

The City continues to make improvements in equipment and infrastructure to reduce costs and improve efficiency to prolong the life of the water and sewer systems and reduce the overall burden to users of the system.

In 2020 work was completed at the Wastewater Treatment Plant (WWTP) to replace lagoon liners that have reached the end of their life. Improvements to sewage lift stations and sewer mains/manholes were completed as well. The total project cost was approximately \$6.0 million. The City received assistance from the federal government (USDA Rural Development) to pay for the project.

In 2022, work was completed on new water mains to upgrade/replace old water mains along M37 between East St and Water St. Most of the project was paid for from fund balance. A portion (\$300,000) of the project is financed. The total project cost was approximately \$1,400,000.

### *Miscellaneous*

The City is doing a number of things to exercise good fiscal responsibility. The City operates various maintenance or replacement programs for vehicles, heavy machinery and office equipment in order to keep maintenance expenses down and to eliminate large capital outlays for wide spread replacements. Lastly, the City recognizes the value of its employees and the need for good, well trained, professional people that exhibit leadership and a positive attitude. With this in mind the City has increased its focus on training, safety, risk management, and people skills. This focus has led to greater operational efficiencies that allows the City to provide quality services with less personnel.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designated to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Office at 28 State Road, PO Box 308, Newaygo, Michigan 49337 or call (231) 652-1657 or visit the City website at [www.newaygocity.org](http://www.newaygocity.org).

City of Newaygo  
**STATEMENT OF NET POSITION**  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 2,478,326	\$ 1,283,438	\$ 3,761,764	\$ 985,210
Receivables	42,588	135,563	178,151	5,539
Due from other governmental units	114,583	-	114,583	-
Internal balances	(136,798)	136,798	-	-
Inventories	-	31,556	31,556	-
Total current assets	2,498,699	1,587,355	4,086,054	990,749
Noncurrent assets				
Restricted cash and investments	-	631,850	631,850	-
Lease receivable	486,942	-	486,942	32,463
Capital assets, net				
Nondepreciable	425,690	429,500	855,190	145,733
Depreciable	3,641,195	14,395,930	18,037,125	1,501,094
Total noncurrent assets	4,553,827	15,457,280	20,011,107	1,679,290
Total assets	7,052,526	17,044,635	24,097,161	2,670,039
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	159,465	291,964	451,429	80,577
Bonds and other obligations, due within one year	15,224	227,000	242,224	135,000
Total current liabilities	174,689	518,964	693,653	215,577
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	51,188	7,286,381	7,337,569	1,028,048
Total liabilities	225,877	7,805,345	8,031,222	1,243,625
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	478,681	-	478,681	32,271
Total liabilities and deferred inflows of resources	704,558	7,805,345	8,509,903	1,275,896
<b>NET POSITION</b>				
Net investment in capital assets	4,055,128	7,340,430	11,395,558	471,827
Restricted				
Streets and highways	828,421	-	828,421	-
Debt service	-	152,100	152,100	-
Capital projects	82,713	413,749	496,462	-
Shopping district	32,715	-	32,715	-
Building inspections	9,894	-	9,894	-
Unrestricted	1,339,097	1,333,011	2,672,108	922,316
Total net position	<b>\$ 6,347,968</b>	<b>\$ 9,239,290</b>	<b>\$ 15,587,258</b>	<b>\$ 1,394,143</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 410,366	\$ 154,400	\$ 883	\$ -	\$ (255,083)	\$ -	\$ (255,083)	\$ -
Public safety	580,106	73,854	33,791	-	(472,461)	-	(472,461)	-
Public works	828,702	146,809	403,413	438,343	159,863	-	159,863	-
Community and economic development	58,047	52,958	-	-	(5,089)	-	(5,089)	-
Culture and recreation	134,733	12,571	-	-	(122,162)	-	(122,162)	-
Total governmental activities	2,011,954	440,592	438,087	438,343	(694,932)	-	(694,932)	-
Business-type activities								
Sewer	736,226	541,047	-	119,333	-	(75,846)	(75,846)	-
Water	716,357	680,724	-	715,338	-	679,705	679,705	-
Total business-type activities	1,452,583	1,221,771	-	834,671	-	603,859	603,859	-
Total primary government	<b>\$ 3,464,537</b>	<b>\$ 1,662,363</b>	<b>\$ 438,087</b>	<b>\$ 1,273,014</b>	(694,932)	603,859	(91,073)	-
Component units								
Tax Increment Finance Authority	\$ 1,353,987	\$ 155,552	\$ -	\$ -	-	-	-	(1,198,435)
Local Development Finance Authority	249,222	-	-	-	-	-	-	(249,222)
Total component units	<b>\$ 1,603,209</b>	<b>\$ 155,552</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	(1,447,657)
General revenues								
Property taxes					310,113	-	310,113	1,275,780
Franchise fees					18,857	-	18,857	-
Grants and contributions not restricted to specific programs					584,407	-	584,407	295,863
Unrestricted investment earnings					16,009	2,870	18,879	2,247
Gain on sale of capital assets					300	-	300	-
Miscellaneous					44,192	-	44,192	-
Transfers					(50,000)	50,000	-	-
Total general revenues and transfers					923,878	52,870	976,748	1,573,890
Change in net position					228,946	656,729	885,675	126,233
Net position at beginning of year					6,119,022	8,582,561	14,701,583	1,267,910
Net position at end of year					<b>\$ 6,347,968</b>	<b>\$ 9,239,290</b>	<b>\$ 15,587,258</b>	<b>\$ 1,394,143</b>

The accompanying notes are an integral part of this statement.



City of Newaygo  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2022

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 1,046,117	\$ 517,714	\$ 410,394	\$ 1,974,225
Receivables				
Accounts receivable	25,315	-	14,792	40,107
Due from other governmental units	52,578	46,842	15,162	114,582
Lease receivable	486,942	-	-	486,942
Total assets	<b>\$1,610,952</b>	<b>\$ 564,556</b>	<b>\$ 440,348</b>	<b>\$ 2,615,856</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 101,296	\$ 34,000	\$ 17,161	\$ 152,457
Accrued liabilities	3,692	-	-	3,692
Total liabilities	104,988	34,000	17,161	156,149
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	478,681	-	-	478,681
<b>FUND BALANCES</b>				
Restricted				
Streets and highways	-	530,556	297,865	828,421
Shopping district	-	-	32,715	32,715
Building inspection	-	-	9,894	9,894
Capital projects	-	-	82,713	82,713
Assigned to fiscal year 2023 budget	33,267	-	-	33,267
Unassigned	994,016	-	-	994,016
Total fund balances	1,027,283	530,556	423,187	1,981,026
Total liabilities and fund balances	<b>\$1,610,952</b>	<b>\$ 564,556</b>	<b>\$ 440,348</b>	<b>\$ 2,615,856</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2022

Total fund balances—governmental funds		\$ 1,981,026
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 governmental funds.		
Cost of capital assets	\$ 13,614,018	
Accumulated depreciation	<u>(10,097,770)</u>	3,516,248
Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		(54,655)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the Statement of Net Position.		
Net position of the internal service funds	1,042,147	
Internal balances representing the cumulative difference between actual costs and amounts charged to business-type activities	<u>(136,798)</u>	<u>905,349</u>
Net position of governmental activities		<u><b>\$6,347,968</b></u>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended June 30, 2022

	<b>General Fund</b>	<b>Major Streets Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 310,113	\$ -	\$ -	\$ 310,113
Licenses and permits	27,998	-	-	27,998
Intergovernmental revenues				
Federal	1,257	-	-	1,257
State	345,907	294,756	95,610	736,273
Local	258,967	-	40,000	298,967
Charges for services	281,252	-	101,438	382,690
Fines and forfeitures	13,825	-	-	13,825
Investment earnings	14,224	680	398	15,302
Other	69,837	47,669	18,718	136,224
Total revenues	1,323,380	343,105	256,164	1,922,649
<b>EXPENDITURES</b>				
Current				
General government	365,972	-	-	365,972
Public safety	592,262	-	-	592,262
Public works	249,165	296,277	138,331	683,773
Community and economic development	1,628	-	55,116	56,744
Culture and recreation	152,162	-	5,317	157,479
Other governmental functions	42,620	-	-	42,620
Capital outlay	10,270	-	-	10,270
Total expenditures	1,414,079	296,277	198,764	1,909,120
Excess of revenues over (under) expenditures	(90,699)	46,828	57,400	13,529
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	20,000	20,000
Transfers out	(50,000)	(20,000)	-	(70,000)
Total other financing sources (uses)	(50,000)	(20,000)	20,000	(50,000)
Net change in fund balances	(140,699)	26,828	77,400	(36,471)
Fund balances at beginning of year	1,167,982	503,728	345,787	2,017,497
Fund balances at end of year	<b>\$ 1,027,283</b>	<b>\$ 530,556</b>	<b>\$ 423,187</b>	<b>\$ 1,981,026</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
 For the year ended June 30, 2022

Net change in fund balances—total governmental funds \$ (36,471)

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (392,949)	
Capital outlay	<u>633,907</u>	240,958

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 governmental funds.

Change in compensated absences		1,086
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The internal service fund is used by management to charge the costs of equipment used to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

Change in net position of the internal service fund	34,653	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>(11,280)</u>	<u>23,373</u>

Change in net position of governmental activities		<u><u>\$ 228,946</u></u>
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The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF NET POSITION**  
Proprietary Funds  
June 30, 2022

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 585,345	\$ 698,093	\$ 1,283,438	\$ 504,102
Accounts receivable	58,735	76,828	135,563	2,481
Inventories	2,891	28,665	31,556	-
Total current assets	646,971	803,586	1,450,557	506,583
Noncurrent assets				
Restricted cash and investments	250,139	381,711	631,850	-
Capital assets				
Land	429,500	-	429,500	-
Utility systems	13,570,011	9,503,110	23,073,121	-
Vehicles and equipment	216,508	101,538	318,046	1,312,998
Less accumulated depreciation	(5,364,299)	(3,630,938)	(8,995,237)	(762,361)
Net capital assets	8,851,720	5,973,710	14,825,430	550,637
Total noncurrent assets	9,101,859	6,355,421	15,457,280	550,637
Total assets	9,748,830	7,159,007	16,907,837	1,057,220
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	3,251	222,713	225,964	3,316
Accrued liabilities	31,000	35,000	66,000	-
Bonds and other obligations, due within one year	86,000	141,000	227,000	5,224
Total current liabilities	120,251	398,713	518,964	8,540
Noncurrent liabilities				
Bonds and other obligations, less amounts due within one year	3,299,033	3,987,348	7,286,381	6,533
Total liabilities	3,419,284	4,386,061	7,805,345	15,073
<b>NET POSITION</b>				
Net investment in capital assets	5,478,720	1,861,710	7,340,430	550,637
Restricted				
Debt service	40,074	112,026	152,100	-
Capital projects	179,065	234,684	413,749	-
Unrestricted	631,687	564,526	1,196,213	491,510
Total net position	<b>\$ 6,329,546</b>	<b>\$ 2,772,946</b>	9,102,492	<b>\$ 1,042,147</b>
Adjustment to report the cumulative internal balances for the net effect of the activity between the internal service fund and the enterprise funds over time			136,798	
Net position of business type activities			<b>\$ 9,239,290</b>	

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
 Proprietary Funds  
 For the year ended June 30, 2022

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 536,822	\$ 671,789	\$ 1,208,611	\$ 284,172
<b>OPERATING EXPENSES</b>				
Administration	101,490	134,969	236,459	-
Operations	254,302	306,750	561,052	155,603
Depreciation	311,826	186,177	498,003	94,925
Total operating expenses	<u>667,618</u>	<u>627,896</u>	<u>1,295,514</u>	<u>250,528</u>
Operating income (loss)	(130,796)	43,893	(86,903)	33,644
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,117	1,753	2,870	709
Capital grants	108,608	108,610	217,218	-
Other revenues	4,225	8,935	13,160	-
Gain on sale of capital assets	-	-	-	300
Interest expense	(73,799)	(94,550)	(168,349)	-
Total nonoperating revenue (expenses)	<u>40,151</u>	<u>24,748</u>	<u>64,899</u>	<u>1,009</u>
Income (loss) before contributions and transfers	(90,645)	68,641	(22,004)	34,653
Capital contributions	10,725	606,728	617,453	-
Transfer in	-	50,000	50,000	-
Change in net position	(79,920)	725,369	645,449	34,653
Net position at beginning of year	<u>6,409,466</u>	<u>2,047,577</u>		<u>1,007,494</u>
Net position at end of year	<u><b>\$ 6,329,546</b></u>	<u><b>\$ 2,772,946</b></u>		<u><b>\$ 1,042,147</b></u>
Adjustment for the net effect of the current year activities between the internal service fund and the enterprise funds			<u>11,280</u>	
Change in net position of business-type activities			<u><b>\$ 656,729</b></u>	

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF CASH FLOWS**  
 Proprietary Funds  
 For year end June 30, 2022

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 531,355	\$ 668,753	\$ 1,200,108	\$ -
Receipts from interfund services provided	1,913	6,370	8,283	323,416
Payments to suppliers	(119,345)	(248,598)	(367,943)	(119,984)
Payments to employees	(197,785)	(167,181)	(364,966)	(24,782)
Payment for interfund services used	(53,634)	(51,689)	(105,323)	(8,500)
Net cash provided by (used for) operating activities	162,504	207,655	370,159	170,150
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	300,000	300,000	16,977
Purchases of capital assets	(11,836)	(1,146,124)	(1,157,960)	(150,938)
Capital contributions	123,648	774,273	897,921	-
Principal paid on capital debt	(40,000)	(57,000)	(97,000)	(5,220)
Interest paid on capital debt	(67,799)	(85,550)	(153,349)	-
Proceeds from sale of capital assets	-	-	-	300
Net cash provided by (used for) capital and related financing activities	4,013	(214,401)	(210,388)	(138,881)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investment earnings	1,117	1,753	2,870	709
Net increase (decrease) in cash and investments	167,634	(4,993)	162,641	31,978
Cash and investments at beginning of year	667,850	1,084,797	1,752,647	472,124
Cash and investments at end of year	<b>\$ 835,484</b>	<b>\$ 1,079,804</b>	<b>\$ 1,915,288</b>	<b>\$ 504,102</b>
Reconciliation of cash and investments to the Statement of Net Position				
Cash and investments	\$ 585,345	\$ 698,093	\$ 1,283,438	\$ 504,102
Restricted cash and investments	250,139	381,711	631,850	-
	<b>\$ 835,484</b>	<b>\$ 1,079,804</b>	<b>\$ 1,915,288</b>	<b>\$ 504,102</b>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (130,796)	\$ 43,893	\$ (86,903)	\$ 33,644
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation expense	311,826	186,177	498,003	94,925
Change in assets and liabilities				
Accounts receivable	(3,464)	3,334	(130)	39,244
Accounts payable	(14,302)	(26,787)	(41,089)	2,337
Accrued liabilities	(760)	1,038	278	-
Net cash provided by (used for) operating activities	<b>\$ 162,504</b>	<b>\$ 207,655</b>	<b>\$ 370,159</b>	<b>\$ 170,150</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF NET POSITION**  
 Fiduciary Funds  
 June 30, 2022

	<b>Total Custodial Funds</b>	<b>Custodial Funds</b>		
		<b>Tax Collection Agency</b>	<b>Joint Maintenance City/Library</b>	<b>Newaygo Community Recreation Authority</b>
<b>ASSETS</b>				
Cash and investments	\$ 52,943	\$ 1,159	\$ 17,203	\$ 34,581
Receivables	-	-	-	-
	<u>52,943</u>	<u>1,159</u>	<u>17,203</u>	<u>34,581</u>
<b>LIABILITIES</b>				
Accounts payable	7,235	-	-	7,235
Due to other governmental units	1,159	1,159	-	-
	<u>8,394</u>	<u>1,159</u>	<u>-</u>	<u>7,235</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations and other governments	<u>\$ 44,549</u>	<u>\$ -</u>	<u>\$ 17,203</u>	<u>\$ 27,346</u>

The accompanying notes are an integral part of this statement.



City of Newaygo  
**STATEMENT OF CHANGES IN NET POSITION**  
 Fiduciary Funds  
 For the year ended June 30, 2022

	<b>Custodial Funds</b>			
	<b>Total Custodial Funds</b>	<b>Tax Collection</b>	<b>Joint Maintenance City/Library</b>	<b>Newaygo Community Recreation Authority</b>
<b>ADDITIONS</b>				
Property tax collections for other governments	\$ 2,136,627	\$ 2,136,627	\$ -	\$ -
Collections on behalf of others	40,529	-	2,000	38,529
Investment earnings	198	-	-	198
Total additions	2,177,354	2,136,627	2,000	38,727
<b>DEDUCTIONS</b>				
Payments of property taxes to other governments	2,136,627	2,136,627	-	-
Payments on behalf of others	34,951	-	-	34,951
Total deductions	2,171,578	2,136,627	-	34,951
Change in net position	5,776	-	2,000	3,776
Net position at beginning of year	38,773	-	15,203	23,570
Net position at end of year	<b>\$ 44,549</b>	<b>\$ -</b>	<b>\$ 17,203</b>	<b>\$ 27,346</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT NET POSITION**  
Discretely Presented Component Units  
June 30, 2022

	<b>Tax Increment Finance Authority</b>	<b>Local Development Finance Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 668,541	\$ 316,669	\$ 985,210
Receivables	5,539	-	5,539
Total current assets	674,080	316,669	990,749
Noncurrent assets			
Lease receivable	32,463	-	32,463
Capital assets, net			
Nondepreciable	145,733	-	145,733
Depreciable	1,501,094	-	1,501,094
Net capital assets	1,646,827	-	1,646,827
Total noncurrent assets	1,679,290	-	1,679,290
Total assets	2,353,370	316,669	2,670,039
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	80,577	-	80,577
Bonds and other obligations, due within one year	135,000	-	135,000
Total current liabilities	215,577	-	215,577
Noncurrent liabilities			
Bonds and other obligations, less amounts due within one year	1,028,048	-	1,028,048
Total liabilities	1,243,625	-	1,243,625
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to leases	32,271	-	32,271
Total liabilities and deferred inflows of resources	1,275,896	-	1,275,896
<b>NET POSITION</b>			
Net investment in capital assets	471,827	-	471,827
Unrestricted	605,647	316,669	922,316
Total net position	<b>\$ 1,077,474</b>	<b>\$ 316,669</b>	<b>\$ 1,394,143</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**STATEMENT OF ACTIVITIES**  
Discretely Presented Component Units  
For the year ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
			<u>Tax Increment Finance Authority</u>	<u>Local Development Finance Authority</u>	<u>Total</u>
Tax Increment Finance Authority					
General government	\$ 203,778	\$ -	\$ (203,778)	\$ -	\$ (203,778)
Public works	777,849	-	(777,849)	-	(777,849)
Community and economic development	212,782	155,552	(57,230)	-	(57,230)
Distributions to other taxing authorities	132,353	-	(132,353)	-	(132,353)
Interest on long-term debt	27,225	-	(27,225)	-	(27,225)
Total Tax Increment Finance Authority	1,353,987	155,552	(1,198,435)	-	(1,198,435)
Local Development Finance Authority					
General government	10,000	-	-	(10,000)	(10,000)
Community and economic development	3,928	-	-	(3,928)	(3,928)
Distributions to other taxing authorities	235,294	-	-	(235,294)	(235,294)
Total Local Development Finance Authority	249,222	-	-	(249,222)	(249,222)
Total discretely presented component units	<b>\$ 1,603,209</b>	<b>\$ 155,552</b>	(1,198,435)	(249,222)	(1,447,657)
General revenues					
Property taxes			1,047,229	228,551	1,275,780
Grants and contributions not restricted to specific programs			295,863	-	295,863
Unrestricted investment earnings			1,725	522	2,247
Total general revenues			1,344,817	229,073	1,573,890
Change in net position			146,382	(20,149)	126,233
Net position at beginning of year			931,092	336,818	1,267,910
Net position at end of year			<b>\$ 1,077,474</b>	<b>\$ 316,669</b>	<b>\$ 1,394,143</b>

The accompanying notes are an integral part of this statement.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The City is a municipal corporation governed by an elected six member City Council with an elected mayor and is administered by a City Manager appointed by the City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

***Discretely Presented Component Unit***

*Local Development Finance Authority (LDFA).* The LDFA's purpose is the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the LDFA's boundaries. Board members of the LDFA are appointed by the City Council, but the LDFA operates as a separate entity. The LDFA can authorize and issue debt independent from the City. The LDFA is presented as a governmental fund type.

*Tax Increment Finance Authority (TIFA).* The TIFA's purpose is the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the TIFA's boundaries. Board members of the TIFA are appointed by the City Council, but the TIFA operates as a separate entity. The TIFA can authorize and issue debt independent from the City. The TIFA is presented as a governmental fund type.

**Basis of Presentation—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 non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City's discretely presented component units are reported in a separate column in the government-wide financial statements.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for money distributed by the State of Michigan for construction and maintenance of major streets within the City.

The City reports the following major enterprise funds:

The Sewer Fund operates the City's sewer system.

The Water Fund operates the City's water distribution system.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for equipment management services provided to other funds of the government on a cost reimbursement basis.

The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Cash and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value (generally based on quoted market prices).

The City has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the City to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The component units' cash and investments are maintained within the City's investment pool.

***Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased in the business-type activities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Restricted Assets***

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

***Leases Receivable***

The City is a lessor for certain noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements for each lease.

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

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

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

<b>Capital Asset Classes</b>	<b>Years</b>
Land improvements	10-20
Buildings and improvements	10-35
Furniture, vehicles and equipment	5-10
Infrastructure and shared improvements	10-50

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

In addition to assets, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

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 of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.



City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued**

***Fund Balance Flow Assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. 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.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

All trade and property tax receivables are shown net of allowance for uncollectibles.

The City bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on July 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the City to the County for collection. The County advances the City all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the City. The City recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Property Taxes—Continued***

The 2021 state taxable value for real/personal property of the City totaled approximately \$60,941,000 of which approximately \$45,128,000 was captured by the component units. The ad valorem taxes levied consisted of 17.75 mills for the City's operating purposes. This amount is recognized in the General Fund with the capture amounts shown in the TIFA and LDFA component units.

***Compensated Absences***

City employees are granted vacation and sick leave in varying amounts based on length of service. Any vacation which has not been used during the calendar year will be transferred to the employee's paid sick day's accumulation at the end of the year. Upon termination, employees are paid for one-half of their accrued sick days as separation pay. If an employee dies, the full amount of accrued sick days will be paid to the employee's designated beneficiary. Sick leave is accumulated at the rate of one day per month of employment. Employees may accrue unused sick days up to a maximum of 156 hours. On the last day of November of any calendar year, employees may elect to be paid for one-half of the unused sick days which they accumulated during the year (up to a maximum payment of six days).

The liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this liability is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

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 are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level.

Appropriations in all budget funds lapse at the end of the fiscal year.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE C—DEPOSITS AND INVESTMENTS**

**Deposits and Investment Risks**

***Interest Rate Risk***

The City's formal investment policy limits investment maturities to two years or less based upon the type of investment.

***Credit Risk***

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk***

The City does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

***Custodial Credit Risk - Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2022, \$4,781,881 of the City's bank balance of \$5,531,881 was exposed to custodial credit risk because it was uninsured and uncollateralized.

***Custodial Credit Risk - Investments***

The City does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

***Foreign Currency Risk***

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

**Restricted Assets**

Restrictions are placed on assets by bond ordinance and City Council action. At June 30, 2022, cash and investments in the enterprise funds are restricted as follows:

**Business-type activities**

Water Fund	
Bond and interest redemption	\$ 147,026
Repair and replacement	234,685
	381,711
Sewer Fund	
Bond reserve	71,074
Repair and replacement	179,065
	250,139
	<b>\$ 631,850</b>

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**Restricted Assets—Continued**

After meeting the operation and maintenance and bond and interest redemption requirements of the bond ordinances, all remaining revenues of the system are to be paid to the bond reserve accounts until a sum equal to the maximum annual debt service requirement on the bonds has been accumulated. These amounts were achieved, as required.

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 425,690	\$ -	\$ -	\$ 425,690
<b>Capital assets, being depreciated:</b>				
Land improvements	1,564,380	-	-	1,564,380
Buildings and improvements	1,555,149	-	-	1,555,149
Furniture, vehicles and equipment	1,496,026	161,209	-	1,657,235
Infrastructure	7,276,342	623,636	-	7,899,978
Shared improvements	1,824,584	-	-	1,824,584
Total capital assets, being depreciated	13,716,481	784,845	-	14,501,326
<b>Less accumulated depreciation:</b>				
Land improvements	1,301,087	42,783	-	1,343,870
Buildings and improvements	1,023,502	36,822	-	1,060,324
Furniture, vehicles and equipment	913,983	111,608	-	1,025,591
Infrastructure	5,309,101	296,661	-	5,605,762
Shared improvements	1,824,584	-	-	1,824,584
Total accumulated depreciation	10,372,257	487,874	-	10,860,131
Total capital assets, being depreciated, net	3,344,224	296,971	-	3,641,195
Capital assets, net	<b>\$ 3,769,914</b>	<b>\$ 296,971</b>	<b>\$ -</b>	<b>\$ 4,066,885</b>

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>De du ctions</b>	<b>Balance June 30, 2022</b>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 429,500	\$ -	\$ -	\$ 429,500
Construction in progress	129,675	-	129,675	-
Total capital assets, not being depreciated	559,175	-	129,675	429,500
<b>Capital assets, being depreciated:</b>				
Sewer system	13,570,011	-	-	13,570,011
Water system	8,057,372	1,445,738	-	9,503,110
Equipment	306,210	11,836	-	318,046
Total capital assets, being depreciated	21,933,593	1,457,574	-	23,391,167
<b>Less accumulated depreciation:</b>				
Sewer system	4,878,998	309,626	-	5,188,624
Water system	3,350,057	185,816	-	3,535,873
Equipment	268,179	2,561	-	270,740
Total accumulated depreciation	8,497,234	498,003	-	8,995,237
Total capital assets, being depreciated, net	13,436,359	959,571	-	14,395,930
Capital assets, net	<b>\$ 13,995,534</b>	<b>\$ 959,571</b>	<b>\$ 129,675</b>	<b>\$ 14,825,430</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

**Governmental activities:**

General government	\$ 41,536
Public safety	1,004
Public works	329,171
Culture and recreation	21,238
Internal Service Fund depreciation is charged to the various programs based on their usage of the assets	94,925
	<b>\$ 487,874</b>

**Business-type activities:**

Sewer	\$ 311,826
Water	186,177
	<b>\$ 498,003</b>

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE D—CAPITAL ASSETS—Continued**

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2022</b>
<b>Component units:</b>				
<b>Capital assets, not being depreciated:</b>				
Tax Increment Finance Authority				
Land	\$ 145,733	\$ -	\$ -	\$ 145,733
<b>Capital assets, being depreciated:</b>				
Tax Increment Finance Authority				
Building and improvements	2,341,654	-	-	2,341,654
<b>Less accumulated depreciation:</b>				
Tax Increment Finance Authority				
Buildings and improvements	800,756	39,804	-	840,560
Total capital assets, being depreciated, net	1,540,898	(39,804)	-	1,501,094
Capital assets, net	<b>\$ 1,686,631</b>	<b>\$ (39,804)</b>	<b>\$ -</b>	<b>\$ 1,646,827</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

Community and economic development	<b>\$ 39,804</b>
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**NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund transfers as of June 30, 2022 is as follows:

**Interfund transfers:**

	<b>Transfers in:</b>		
	<b>Other Government Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>Transfers out:</b>			
General Fund	\$ -	\$ 50,000	\$ 50,000
Major Street Fund	20,000	-	20,000
Total	<b>\$ 20,000</b>	<b>\$ 50,000</b>	<b>\$ 70,000</b>

The transfers were for an operational subsidy and capital outlay.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE E—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued**

**Component unit transactions:**

During the year the TIFA and LDFA contributed the following amounts to the City for the year ended June 30, 2022:

	<b>Governmental Activities</b>
<b>Capital activities</b>	
TIFA	\$ 655,481
<b>Operating activities</b>	
TIFA	33,000
LDFA	10,000
	<b>\$ 698,481</b>

**NOTE F—LEASE RECEIVABLES**

**Lease Receivable**

The City leases space on their water tower to a telephone company. The five year agreement was signed in July 2020 and has two five year options which are expected to be exercised. The agreement calls for monthly payments \$3,155 during the initial period. Monthly rent to increase by ten percent at each renewal period. The City recognized an initial receivable and deferred inflow of resources of \$515,503 at July 1, 2021. The City recognized rental income and interest income related to the above lease of \$36,822 and \$9,295, respectively.

The TIFA owns a floor of a building and the TIFA has various leases related to this space. TIFA recorded an initial lease receivable and deferred inflow of resources of \$41,991. TIFA recognized rental income and interest income related to the above leases of \$9,720 and \$472, respectively

The future minimum payments to be received for this lease are as follows:

<b>Year ended June 30</b>	<b>Governmental Activities</b>		<b>TIFA</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 29,094	\$ 8,762	\$ 13,917	\$ 483
2024	29,637	8,219	14,176	224
2025	30,190	7,666	4,370	30
2026	34,571	7,071	-	-
2027	35,216	6,426	-	-
Thereafter	328,234	25,722	-	-
	<b>\$ 486,942</b>	<b>\$ 63,866</b>	<b>\$ 32,463</b>	<b>\$ 737</b>

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE G—LONG-TERM DEBT**

The City issues bonds, notes and other contractual commitments to provide for infrastructure, the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the City for the year ended June 30, 2022:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Notes from direct borrowings and direct placements	\$ -	\$ 16,977	\$ 5,220	\$ 11,757	\$ 5,224
Compensated absences	55,741	42,502	43,588	54,655	10,000
Governmental activities long-term liabilities	<b>\$ 55,741</b>	<b>\$ 59,479</b>	<b>\$ 48,808</b>	<b>\$ 66,412</b>	<b>\$ 15,224</b>
<b>Business-type activities:</b>					
Public placement debt					
Revenue bonds	\$ 7,282,000	\$ -	\$ 97,000	\$ 7,185,000	\$ 179,000
General obligation bonds	-	300,000	-	300,000	29,000
Compensated absences	28,013	23,001	22,633	28,381	19,000
Business-type activities long-term liabilities	<b>\$ 7,310,013</b>	<b>\$ 323,001</b>	<b>\$ 119,633</b>	<b>\$ 7,513,381</b>	<b>\$ 227,000</b>
<b>Component units:</b>					
Public placement debt					
Tax Increment Bonds	\$ 1,305,000	\$ -	\$ 130,000	\$ 1,175,000	\$ 135,000
Discount	(13,546)	-	(1,594)	(11,952)	-
Component units long-term liabilities	<b>\$ 1,291,454</b>	<b>\$ -</b>	<b>\$ 128,406</b>	<b>\$ 1,163,048</b>	<b>\$ 135,000</b>

The business-type activities revenue bonds are secured by revenues of the City. If the City defaults, the bonds are callable.

The governmental activities notes from direct borrowings and direct placements are comprised of a capital lease.



City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

Revenue bonds, tax increment bonds, and notes from direct borrowings and direct placements consist of the following:

	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Balance</b>
<b>Public Placement Debt</b>			
<b>Business-type activities:</b>			
<b>Bonds:</b>			
2021 Water Supply System Revenue bonds	1.08% to 2.8%	August 2043	\$ 1,188,000
2013 Water Supply System Bonds	2.125%	August 2053	2,624,000
2021 General Obligation Limited Tax bond	.5% to 1.41%	August 2031	300,000
2021 Sewage Disposal System Revenue bonds	1.05% to 2.8%	August 2043	1,039,000
2018A Sanitary Sewer System Bonds	2.125%	August 2058	1,409,000
2018B Sanitary Sewer System Bonds	2.375%	August 2058	925,000
			<b>\$ 7,485,000</b>
<b>Component units:</b>			
<b>Limited tax development:</b>			
2019 Tax Increment Refunding Bonds	1.85%	June 2030	\$ 1,175,000

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2022.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

Annual debt service requirements to maturity for public placement debt and for direct borrowings and direct placements outstanding as of June 30, 2022 follow:

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Units	
	Notes from Direct Borrowings		Public Placement Debt		Public Placement Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,224	\$ -	\$ 208,000	\$ 158,440	\$ 135,000	\$ 20,489
2024	5,224	-	212,000	155,243	140,000	17,945
2025	1,309	-	216,000	151,990	140,000	15,355
2026	-	-	218,000	148,238	145,000	12,719
2027	-	-	223,000	144,414	150,000	9,990
2028-2032	-	-	1,188,000	655,991	465,000	13,089
2033-2037	-	-	1,153,000	531,375	-	-
2038-2042	-	-	1,303,000	388,433	-	-
2043-2047	-	-	1,057,000	237,498	-	-
2048-2052	-	-	887,000	139,061	-	-
2053-2057	-	-	640,000	48,447	-	-
2058-2059	-	-	180,000	4,012	-	-
	<b>\$ 11,757</b>	<b>\$ -</b>	<b>\$ 7,485,000</b>	<b>\$ 2,763,142</b>	<b>\$ 1,175,000</b>	<b>\$ 89,587</b>

**NOTE H—OTHER INFORMATION**

**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. The City manages its liability and property risk by participating in the Michigan Municipal Liability and Property Pool (MMLPP), a public entity risk pool providing property and liability coverage to its participating members. The City pays an annual premium to MMLPP for its insurance coverage. The MMLPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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

The City carries commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE H—OTHER INFORMATION—Continued**

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**Jointly Governed Organizations**

The City, in conjunction with other governmental entities, created the Newaygo Community Recreation Authority (NCRA) to operate recreation programs in the area. The Authority is comprised of two members from each participating entity. The NCRA board annually assesses participating entities in projected amounts required to subsidize the Authorities' annual operations.

The City, in conjunction with other governmental entities, created the Newaygo Fire District Command Board to operate a community wide fire protection services. The District is governed by a seven member board and was incorporated under the provisions of MCLA #321 in Michigan for the purpose of providing fire protection and rescue services for the three participating municipalities. The Board annually assesses participating entities in projected amounts required to subsidize the annual operations.

**NOTE I—PENSION PLANS**

**Defined Contribution Plans**

The City provides pension benefits for all of its full-time salaried employees through the City of Newaygo Administrative Plan (a defined contribution plan). In the defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Salaried employees, who have attained the age of 18, have completed ninety days of service shall be eligible to participate in the plan. The plan requires the City to contribute an amount equal to 8 percent of the employee's annual compensation each plan year and employees are required to contribute 2 percent of their annual compensation. Plan provisions and contribution requirements are established and may be amended by the City Council. The plan administrator is ICMA-Retirement Corporation. For fiscal year 2022, the City's total contribution was approximately \$31,400, and the employee contributions were approximately \$7,850.

The City provides pension benefits for all of its full-time hourly employees through the City of Newaygo Hourly Employees Retirement Plan (a defined contribution plan). In the defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Hourly employees, who have attained the age of 18, have completed ninety days of service shall be eligible to participate in the plan. The plan requires the City to contribute an amount equal to 8 percent of the employee's annual compensation each plan year and employees are required to contribute 2 percent of their annual compensation. Hourly employees are 20 percent vested in the City contributions and earnings allocated to the employee account for each year of service. Any forfeitures are reallocated to participants with the regular contribution. Plan provisions and contribution requirements are established and may be amended by the City Council. The plan administrator is ICMA-Retirement Corporation. For fiscal year 2022, the City's total contribution was approximately \$46,050 and the employee contributions were approximately \$11,500.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE I—PENSION PLANS—Continued**

**Defined Contribution Plans—Continued**

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the City's contributions and earnings on the City's contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended June 30, 2022, there were no forfeitures.

**Retirement Health Savings Account**

The City offers its employees a retirement health savings account which is a defined contribution plan administered by ICMA. The plan, available to all full time City employees, can only be used to fund health care costs during retirement. The plan requires that the City to contribute certain excess compensated absences amounts to the plan each year. For the year ended June 30, 2022, the City's contribution to the plan was approximately \$21,247.

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

**NOTE J—ECONOMIC DEPENDENCY**

**General Fund**

The City's General Fund property tax revenue growth is limited due to the TIFA and LDFA, which capture property tax value increases. The General Fund's property tax value captured by the TIFA and LDFA is approximately 74 percent of the City's property tax value base. Property tax revenues represent approximately 23 percent of the General Fund's revenues.

**NOTE K—COMMITMENTS**

The City has entered into a contract to purchase property for \$300,000. This purchase will be funded by the General Fund and the TIFA. The City has also entered into various contracts for water and sewer system improvements of approximately \$210,000. These projects will be funded with current Water Fund and Sewer Fund resources.

**NOTE L—TAX ABATEMENTS**

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Developments Act, (known as the Industrial Facilities Exemptions or IFTs) PA 198 of 1974, as amended. The IFTs 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. Properties qualifying for IFT status are taxed at half the local property tax millage rate applicable to other real and personal property in the City for a term of one to twelve years as determined by the City.

For the year ended June 30, 2022, the City abated property taxes revenues totaling \$75,000 under this program.

City of Newaygo  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE M—UPCOMING ACCOUNTING PRONOUNCEMENT**

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the City’s 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**NOTE N—CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The restatement of beginning of the year has no impact on net position or fund balance. The change in receivables and deferred inflows are as follows:

	<b>General Fund/Governmental</b>	
	<b>Lease receivable</b>	<b>Deferred inflows</b>
Account balance at July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statements 87	515,503	515,503
Account balance at July 1, 2021, as restated	<b>\$ 515,503</b>	<b>\$ 515,503</b>

	<b>Component Unit - TIFA</b>	
	<b>Lease receivable</b>	<b>Deferred inflows</b>
Account balance at July 1, 2021, as previously stated	\$ -	\$ -
Adoption of GASB Statements 87	41,991	41,991
Account balance at July 1, 2021, as restated	<b>\$ 41,991</b>	<b>\$ 41,991</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Newaygo  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
General Fund  
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 306,324	\$ 306,324	\$ 310,113	\$ 3,789
Licenses and permits	26,200	26,200	27,998	1,798
Intergovernmental revenues				
Federal	1,900	1,900	1,257	(643)
State	211,500	326,500	345,907	19,407
Local	257,000	257,000	258,967	1,967
Charges for services	277,350	277,350	281,252	3,902
Fines and forfeitures	19,000	19,000	13,825	(5,175)
Investment earnings	10,000	10,000	14,224	4,224
Other	108,000	58,000	69,837	11,837
Total revenues	1,217,274	1,282,274	1,323,380	41,106
<b>EXPENDITURES</b>				
Current				
General government				
City Council	24,468	24,468	17,433	7,035
City manager	45,795	47,795	43,303	4,492
Elections	6,000	6,000	1,837	4,163
Board of review	1,275	1,275	700	575
Clerk	32,220	32,220	29,028	3,192
Treasurer	46,301	47,353	43,924	3,429
Assessor	23,800	28,300	26,571	1,729
Attorney	25,000	46,000	43,916	2,084
City offices	89,821	99,090	91,153	7,937
Cemetery	68,678	75,428	68,107	7,321
Public safety				
Law enforcement	616,448	616,448	592,262	24,186
Public works	218,890	259,002	249,165	9,837
Community and economic development				
Planning	7,250	3,500	1,628	1,872
Culture and recreation				
Parks	154,524	166,170	152,162	14,008
Other governmental functions	42,500	44,000	42,620	1,380
Capital outlay	12,500	12,500	10,270	2,230
Total expenditures	1,415,470	1,509,549	1,414,079	95,470
Excess of revenues over (under) expenditures	(198,196)	(227,275)	(90,699)	136,576
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	<u>\$ (248,196)</u>	<u>\$ (277,275)</u>	(140,699)	<u>\$ 136,576</u>
Fund balance at beginning of year			<u>1,167,982</u>	
Fund balance at end of year			<u>\$ 1,027,283</u>	

City of Newaygo  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE**  
Major Streets Fund  
For the year ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues				
State	\$ 223,000	\$ 297,000	\$ 294,756	\$ (2,244)
Investment earnings	1,500	1,500	680	(820)
Other	1,000	46,800	47,669	869
	<hr/>			
Total revenues	225,500	345,300	343,105	(2,195)
<b>EXPENDITURES</b>				
Current				
Public works	315,750	324,750	296,277	28,473
	<hr/>			
Excess of revenues over (under) expenditures	(90,250)	20,550	46,828	26,278
<b>OTHER FINANCING USES</b>				
Transfers out	(20,000)	(20,000)	(20,000)	-
	<hr/>			
Net change in fund balance	<b>\$ (110,250)</b>	<b>\$ 550</b>	26,828	<b>\$ 26,278</b>
	<hr/>			
Fund balance at beginning of year			503,728	
	<hr/>			
Fund balance at end of year			<b>\$ 530,556</b>	
	<hr/>			



**OTHER SUPPLEMENTARY INFORMATION**

City of Newaygo  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2022

	Total Other Governmental Funds	Special Revenue Funds			Capital Projects	
		Local Streets	Principal Shopping District	Building Inspection	Disc Golf	Capital Projects
<b>ASSETS</b>						
Cash and investments	\$ 410,394	\$ 287,733	\$ 31,101	\$ 8,847	\$ 42,713	\$ 40,000
Accounts receivable	14,792	-	3,886	10,906	-	-
Due from other governmental units	15,162	15,162	-	-	-	-
Total assets	<b>\$ 440,348</b>	<b>\$ 302,895</b>	<b>\$ 34,987</b>	<b>\$ 19,753</b>	<b>\$ 42,713</b>	<b>\$ 40,000</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 17,161	\$ 5,030	\$ 2,272	\$ 9,859	\$ -	\$ -
<b>FUND BALANCES</b>						
Restricted						
Streets and highways	297,865	297,865	-	-	-	-
Capital projects	82,713	-	-	-	42,713	40,000
Shopping district	32,715	-	32,715	-	-	-
Building inspection	9,894	-	-	9,894	-	-
Total fund balances	423,187	297,865	32,715	9,894	42,713	40,000
Total liabilities and fund balances	<b>\$ 440,348</b>	<b>\$ 302,895</b>	<b>\$ 34,987</b>	<b>\$ 19,753</b>	<b>\$ 42,713</b>	<b>\$ 40,000</b>

City of Newaygo  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Other Governmental Funds  
 For the year ended June 30, 2022

	<b>Total Other Governmental Funds</b>	<b>Special Revenue Funds</b>			<b>Capital Projects</b>	
		<b>Local Streets</b>	<b>Principal Shopping District</b>	<b>Building Inspection</b>	<b>Disc Golf</b>	<b>Capital Projects</b>
<b>REVENUES</b>						
Intergovernmental revenues						
State	\$ 95,610	\$ 95,610	\$ -	\$ -	\$ -	\$ -
Local	40,000	-	-	-	-	40,000
Charges for services	101,438	-	48,480	52,958	-	-
Investment earnings	398	360	38	-	-	-
Other	18,718	13,047	5,671	-	-	-
Total revenues	256,164	109,017	54,189	52,958	-	40,000
<b>EXPENDITURES</b>						
Current						
Public works	138,331	91,816	46,515	-	-	-
Community and economic development	55,116	-	-	55,116	-	-
Culture and recreation	5,317	-	-	-	5,317	-
Total expenditures	198,764	91,816	46,515	55,116	5,317	-
Excess of revenues over (under) expenditures	57,400	17,201	7,674	(2,158)	(5,317)	40,000
<b>OTHER FINANCING SOURCES</b>						
Transfers in	20,000	20,000	-	-	-	-
Net change in fund balances	77,400	37,201	7,674	(2,158)	(5,317)	40,000
Fund balances at beginning of year	345,787	260,664	25,041	12,052	48,030	-
Fund balances at end of the year	<b>\$ 423,187</b>	<b>\$ 297,865</b>	<b>\$ 32,715</b>	<b>\$ 9,894</b>	<b>\$ 42,713</b>	<b>\$ 40,000</b>