
Grand Rapids Tax Increment Financing Authority

(a component unit of the City of Grand Rapids, Michigan)

Financial Report
with Supplemental Information
June 30, 2019

Grand Rapids Tax Increment Financing Authority

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Independent Auditor's Report

To the Members
Grand Rapids Tax Increment
Financing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Grand Rapids Tax Increment Financing Authority (the "Authority"), a component unit of the City of Grand Rapids, Michigan, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Grand Rapids Tax Increment Financing Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the governmental fund of the Grand Rapids Tax Increment Financing Authority as of June 30, 2019 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Members
Grand Rapids Tax Increment
Financing Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of projects is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of projects has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited the Grand Rapids Tax Increment Financing Authority's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those basic financial statements in our report dated December 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



November 27, 2019

Grand Rapids Tax Increment Financing Authority

Management's Discussion and Analysis

This section of the Grand Rapids Tax Increment Financing Authority's (the "Authority") financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2019. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts.

Using This Financial Report

This financial report consists of two financial statements that focus on the financial condition of the Authority and the results of its operations as a whole.

One of the most important questions asked about governmental finances is whether the unit of government as a whole is better off or worse off as a result of the year's activities. The keys to understanding this question are the statement of net position and the statement of activities.

The statement of net position presents financial information on all of the Authority's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. The statement of net position is prepared using the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The Authority's net position is one indicator of the Authority's financial health. Over time, increases or decreases in net position indicate the improvement or erosion of the Authority's financial health.

Condensed Statement of Net Position

	2019	2018	Percent Change
Assets			
Current assets	\$ 1,872,432	\$ 1,640,273	14.2
Capital assets	1,549,443	1,696,390	(8.7)
Total assets	3,421,875	3,336,663	2.6
Deferred Outflows of Resources	3,235	6,470	(50.0)
Liabilities			
Current liabilities	8,343	23,516	(64.5)
Noncurrent liabilities	73,510	107,911	(31.9)
Total liabilities	81,853	131,427	(37.7)
Net Position			
Net investment in capital assets	1,480,078	1,596,060	(7.3)
Restricted for authorized projects	1,863,179	1,615,646	15.3
Total net position	<u>\$ 3,343,257</u>	<u>\$ 3,211,706</u>	4.1

Current Assets

Equity in Pooled Cash and Investments

The City of Grand Rapids, Michigan maintains an investment pool for most city funds and component units. The Authority's portion of the investment pool is displayed on the statement of net position as equity in pooled cash and investments

Grand Rapids Tax Increment Financing Authority

Management's Discussion and Analysis (Continued)

Noncurrent Assets

Capital Assets, Net

At June 30, 2019, capital assets of nearly \$1.50 million included land, land improvements, and buildings and structures, net of \$3.8 million of accumulated depreciation. The difference between the capital assets on June 30, 2019 and 2018 is the \$146,947 of annual depreciation expense recorded in fiscal year 2019.

Deferred Outflows of Resources

Vouchers Payable, Accrued Interest Payable, and Noncurrent Liabilities, Due within One Year

The 2008 refunding by the Kent County Drain Commission of contracts payable for the floodwall improvement project resulted in a gain on refunding. The total gain is being amortized on a straight-line basis as a reduction in interest expense over the life of the new bonds. The unamortized portion at year end was \$3,235.

Current Liabilities

Vouchers Payable and Accrued Interest Payable

Amounts due to suppliers and contractors and accrued interest payable have been accrued in the amount of \$8,343.

Noncurrent Liabilities

Noncurrent liabilities consist of contracts payable, representing 2008 floodwall project principal payments plus certain long-term accrued staff compensation. The decrease from 2018 to 2019 is due to the scheduled debt principal payments made in 2019.

Net Position

Net position is the difference between the Authority's assets, plus deferred outflows of resources, and the Authority's liabilities. Total net position at June 30, 2019 was \$3.3 million, which is 4.1 percent higher than at June 30, 2018.

Net Investment in Capital Assets

Net investment in capital assets of nearly \$1.5 million includes the historical acquisition costs of land, land improvements, and buildings, net of accumulated depreciation, any outstanding related debt, and related deferred outflows of resources. This category indicates the portion of the total net assets that are not available for future appropriation or spending.

Restricted Net Position for Authorized Projects

Restricted net position of \$1.9 million represents the balance available for Authority projects at June 30, 2019. The Authority's net position is restricted by the requirements of Michigan Public Act 450 of 1980, as amended, which limits expenditures to those that further the Authority's development plan. The increase between the two fiscal years is due to the difference between the Authority's fiscal 2019 revenue and expenditures, not including the principal payment for the 2008 bonds and depreciation expense, which affected the net investment in capital assets.

Grand Rapids Tax Increment Financing Authority

Management's Discussion and Analysis (Continued)

Condensed Statement of Activities

	2019	2018	Percent Change
Revenue			
Property taxes	\$ 424,594	\$ 373,259	13.8
Federal and state grants	140,384	122,248	14.8
Investment earnings	63,455	18,643	240.4
Other revenue	15	-	-
Total revenue	628,448	514,150	22.2
Expenditures			
Urban development	489,793	440,218	11.3
Interest and paying agent fees	7,104	9,148	(22.3)
Total expenditures	496,897	449,366	10.6
Changes in Net Position	131,551	64,784	103.0
Net Position - Beginning of year	3,211,706	3,146,922	2.1
Net Position - End of year	\$ 3,343,257	\$ 3,211,706	4.1

Revenue

Property Taxes

The Authority's revenue is generated primarily through the use of property tax increment financing, in which the Authority captures ad valorem property tax and industrial facility tax revenue attributable to increases in the value of real and personal property within the district boundaries. Property tax revenue related to the State Education Tax, the Kent Intermediate School District, and the Grand Rapids Public Schools levies is not captured because the Authority had no eligible obligations outstanding when Proposal A took effect on January 1, 1995. Property tax increment revenue for the year ended June 30, 2019 includes property taxes levied on July 1, 2018 and December 1, 2018.

Other Revenue

The Authority receives funds from the State of Michigan's Local Community Stabilization Authority to offset property tax increment revenue losses resulting from the State of Michigan's Small Taxpayer Personal Property and Eligible Manufacturing Personal Property (EMPP) exemptions that became effective during fiscal year 2017. This reimbursement is identified as state grants on the statement of activities.

Expenses

Urban Development

These expenses include operating expenses, public improvement project expenditures within the Monroe North Development Area, and the annual fixed asset depreciation expense.

Interest and Paying Agent Fees

In 1997 and 2000, the Kent County Drain Commission (the "Drain Commission") issued bonds for the purpose of funding the City of Grand Rapids, Michigan's share of floodwall improvements along the Grand River. These improvements consisted of embankments, river edge walkways, wall restoration, storm sewer flap gates, pump stations, etc. The Authority is responsible for 12 percent of the overall project debt service.

Grand Rapids Tax Increment Financing Authority

Management's Discussion and Analysis (Continued)

In 2008, most of the remaining maturities from both series were refunded by the Drain Commission for a net present value savings of 3.34 percent. The difference between the carrying value of refunded debt and its reacquisition price was \$37,200, which is being deferred and amortized over the remaining lives of the bonds. The related debt service requirements for the Series 2008 bonds are met via assessments against the City of Grand Rapids, Michigan, the Authority, and the Downtown Development Authority. As the amount of principal owed declines each year, annual interest expenses also decline. Annually, the Authority accrues, as required, the amount of contract interest payable at June 30 of the year.

Overall Financial Position

Management believes the Authority is in good condition financially. Current tax increment revenue is adequate to cover current administration and project commitments, as well as ongoing debt service requirements.

Requests for Information

This financial report is designed to provide a general overview of the Grand Rapids Tax Increment Financing Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Grand Rapids Comptroller's Department, 300 Monroe Avenue NW, Grand Rapids, MI 49503.

Grand Rapids Tax Increment Financing Authority

Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2019 and 2018

	2019		Statement of Net Position 2018	
	Governmental Fund	Adjustments (Note 3)	Statement of Net Position	Statement of Net Position 2018
Assets				
Equity in pooled cash and investments (Note 2)	\$ 1,866,914	\$ -	\$ 1,866,914	\$ 1,636,148
Receivables - Net	5,518	-	5,518	4,125
Capital assets: (Note 4)				
Assets not subject to depreciation	-	1,280,000	1,280,000	1,280,000
Assets subject to depreciation - Net	-	269,443	269,443	416,390
Total assets	1,872,432	1,549,443	3,421,875	3,336,663
Deferred Outflows of Resources - Deferred outflows on refunding of bonds	-	3,235	3,235	6,470
Total assets and deferred outflows of resources	<u>\$ 1,872,432</u>	1,552,678	3,425,110	3,343,133
Liabilities				
Vouchers payable	\$ 7,844	-	7,844	22,789
Accrued interest payable	-	499	499	727
Noncurrent liabilities: (Note 5)				
Due within one year	-	35,960	35,960	34,897
Due in more than one year	-	37,550	37,550	73,014
Total liabilities	7,844	74,009	81,853	131,427
Equity				
Fund balance - Restricted for authorized projects	1,864,588	(1,864,588)	-	-
Total liabilities and fund balance	<u>\$ 1,872,432</u>			
Net position:				
Net investment in capital assets		1,480,078	1,480,078	1,596,060
Restricted for authorized projects		1,863,179	1,863,179	1,615,646
Total net position		<u>\$ 3,343,257</u>	<u>\$ 3,343,257</u>	<u>\$ 3,211,706</u>

Grand Rapids Tax Increment Financing Authority

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Years Ended June 30, 2019 and 2018

	2019			Statement of Activities 2018
	Governmental Fund	Adjustments (Note 3)	Statement of Activities	
Revenue				
Property taxes	\$ 424,594	\$ -	\$ 424,594	\$ 373,259
Federal and state grants	140,384	-	140,384	122,248
Investment earnings	63,455	-	63,455	18,643
Other revenue	15	-	15	-
Total revenue	628,448	-	628,448	514,150
Expenditures				
Urban development	343,047	146,746	489,793	440,218
Debt service:				
Principal	34,200	(34,200)	-	-
Interest and paying agent fees	4,097	3,007	7,104	9,148
Total expenditures	381,344	115,553	496,897	449,366
Net Change in Fund Balance/Net Position	247,104	(115,553)	131,551	64,784
Fund Balance/Net Position - Beginning of year	1,617,484	1,594,222	3,211,706	3,146,922
Fund Balance/Net Position - End of year	\$ 1,864,588	\$ 1,478,669	\$ 3,343,257	\$ 3,211,706

June 30, 2019

Note 1 - Reporting Entity

The Grand Rapids Tax Increment Financing Authority (the "Authority"), a component unit of the City of Grand Rapids, Michigan (the "City"), was created in December 1985 by the City and began operations in fiscal year 1987 under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, as amended. The Authority is also guided by Public Act 57 of 2018, which was enacted effective January 1, 2019. Public Act 57 recodifies several tax increment financing (TIF) statutes, including the Authority's enabling statute, while allowing the Authority to continue to capture property tax increment revenue. Public Act 57 establishes reporting requirements and penalties for noncompliance with these reporting requirements. It requires the Authority to hold information meetings twice a year. In addition, Public Act 57 provides for the continuation of a liability or obligation of an authority under a statute that the bill repeals. The purpose of the Authority is to provide for the development of the Monroe North Development Area, which is bounded roughly by Coldbrook Street on the north, Ionia Avenue on the east, the Grand River on the west, and the south line of Newberry Street on the south.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Authority:

Basis of Accounting

The governmental fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Authority has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Employee benefit costs that will be funded in the future (such as compensated absences) are not counted until they come due for payment.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Authority considers amounts collected within 60 days of year end to be available for recognition; however, property tax increment revenue is recognized as revenue in the fiscal year for which it was levied.

The Authority uses the economic resources measurement focus and the full accrual basis of accounting to prepare the statement of net position and statement of activities. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Budget

The Grand Rapids City Commission annually approves the Authority's budget after the Authority's board members have reviewed and recommended it. After the City Commission approves the budget, the Authority's board members adopt it. The budget for the Authority is a project budget rather than an annual budget. Therefore, budget-to-actual information has not been reflected in the financial statements.

Specific Balances and Transactions

Cash and Investments

The City maintains an investment pool for most city funds, including component units, such as the Authority. The Authority's portion of the investment pool is displayed on the balance sheet as equity in pooled cash and investments. The Authority's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Note 2 - Significant Accounting Policies (Continued)

The investment policy adopted by the City Commission is governed by the provisions of Michigan Public Act 20 of 1943, as amended. The policy is designed to prioritize the preservation of principal, while also providing an investment return. Details on the investment policy and the categorization of cash and investments are included in the Comprehensive Annual Financial Report of the City of Grand Rapids, Michigan to give an indication of the level of risk assumed by the City at year end. It is not feasible to allocate the level of risk to the various component units of the City because of the commingling of assets in the pool. Interest income and investment losses from the cash and investment pooling is distributed by the city treasurer to the appropriate funds based on the fund's weighted-average share of the investment pool.

Deposits are less than 10 percent of the City's total portfolio. They consist of bank money market funds, demand deposit accounts, and certificates of deposits with original maturities greater than three months at the date of purchase. Michigan statutes require that deposits be maintained in financial institutions with offices located in Michigan. Most deposits are uninsured and uncollateralized.

Investments are a diversified mixture of U.S. government agency and U.S. Treasury securities, money market mutual funds that maintain a \$1 value per share, obligations of the State of Michigan or its subdivisions with a rating of A or higher, and commercial paper rated by at least two rating organizations at their highest rating. All investments are reported at fair value.

Capital Assets

Capital assets, which include land improvements and buildings and structures, are reported on the statement of net position. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Land improvements	20
Buildings and structures	30

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as "other financing sources" and bond discounts as "other financing uses."

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 represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has only one type of item that qualifies for reporting in this category. The deferred outflows on refunding of bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

June 30, 2019

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the Authority is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Net position is reported as restricted when there are limitations imposed on its use either through legislation or other external restrictions. In the case of the Authority, enabling legislation restricts the use of all of the Authority's resources.

Property Tax Revenue

The majority of the Authority's revenue is generated through property tax increment financing. Summer taxes are levied on July 1 and attach as an enforceable lien at that time. Summer taxes are due without penalty on or before July 31. Winter taxes are levied on December 1 and attach as an enforceable lien at that time. Winter taxes are due without penalty on or before February 14.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative Data

The data for the prior year has been presented only for the statement of net position and statement of activities and has been presented only for informational purposes. These statements do not include the governmental fund balance sheet and the statement of revenue, expenditures, and changes in fund balance for the year ended June 30, 2018, which are necessary for a complete presentation in accordance with accounting principles generally accepted in the United States of America (GAAP).

June 30, 2019

Note 3 - Reconciliation of Fund Financial Statements to the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the governmental fund column. Below is a reconciliation of the differences as of June 30, 2019:

Fund Balance Reported in Governmental Fund	\$ 1,864,588
Amounts reported in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the fund:	
Cost of capital assets	5,307,124
Accumulated depreciation	<u>(3,757,681)</u>
Net capital assets	1,549,443
Deferred outflows of resources are not available in the current period and, therefore, are not reported on the governmental fund balance sheet	3,235
Accrued interest is not due and payable in the current period and is not reported in the fund	(499)
Compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(910)
Contracts payable do not present a claim on current financial resources and are not reported as fund liabilities	<u>(72,600)</u>
Net Position of Governmental Activities	<u><u>\$ 3,343,257</u></u>

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the governmental fund column because of the different measurement focus and basis of accounting. Below is a reconciliation of the differences for the year ended June 30, 2019:

Net Change in Fund Balance Reported in Governmental Fund	\$ 247,104
Amounts reported in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	(146,947)
Repayment of contract principal is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	34,200
Interest expense is recognized in the statement of activities as it accrues	228
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund	201
Amortization of deferred outflows that do not use current financial resources are not reported as expenditures in the governmental fund	<u>(3,235)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 131,551</u></u>

Grand Rapids Tax Increment Financing Authority

Notes to Financial Statements

June 30, 2019

Note 4 - Capital Assets

The following table summarizes, by major class of asset, the capital asset activity for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated - Land	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Capital assets being depreciated:				
Land improvements	3,853,469	-	-	3,853,469
Buildings and structures	173,655	-	-	173,655
Subtotal	4,027,124	-	-	4,027,124
Accumulated depreciation:				
Land improvements	3,445,581	138,445	-	3,584,026
Buildings and structures	165,153	8,502	-	173,655
Subtotal	3,610,734	146,947	-	3,757,681
Net capital assets being depreciated	416,390	(146,947)	-	269,443
Net capital assets	<u>\$ 1,696,390</u>	<u>\$ (146,947)</u>	<u>\$ -</u>	<u>\$ 1,549,443</u>

Note 5 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements - Contracts payable	\$ 106,800	\$ -	\$ (34,200)	\$ 72,600	\$ 35,400
Compensated absences	1,111	918	(1,119)	910	560
Total governmental activities long-term debt	<u>\$ 107,911</u>	<u>\$ 918</u>	<u>\$ (35,319)</u>	<u>\$ 73,510</u>	<u>\$ 35,960</u>

Contracts payable consists of a 2008 refunding, Kent County Drain Commission Contract Payable, bearing interest rates ranging from 4.00 percent to 4.25 percent and maturing at various amounts through November 2020.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2020	\$ 35,400	\$ 2,240	\$ 37,640
2021	37,200	744	37,944
Total	<u>\$ 72,600</u>	<u>\$ 2,984</u>	<u>\$ 75,584</u>

June 30, 2019

Note 6 - Contingencies

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The Authority believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Other Supplemental Information

Grand Rapids Tax Increment Financing Authority

Schedule of Projects (Unaudited)

June 30, 2019

In December 2015, the Authority approved GR Forward, which established a vision and strategies for the future of downtown Grand Rapids. Drawing on input from the community, GR Forward prioritizes ideas and projects that align with and enhance the collective vision and began building leadership around the following five goals:

Goal 1: Restore the Grand River as the draw and create a connected and equitable river corridor.

Goal 2: Establish a true downtown neighborhood that is home to a diverse population.

Goal 3: Implement a 21st century mobility strategy.

Goal 4: Expand job opportunities and ensure continued vitality of the local economy.

Goal 5: Reinvest in public space, culture, and inclusive programming.

The Authority has funds allocated to aid in implementation of the following priorities that align with GR Forward:

Goal 1: Restore the Grand River as the Draw and Create a Connected and Equitable River Corridor

- Asset and Riverwalk Maintenance (NTI):

- Funding to continue the seasonal upkeep of the existing Riverwalk.

- Downtown Plan:

- Planning initiatives to further the goals of GR Forward. Proposed initiatives in FY2020 include the following:

- Completion of Streetspace and River Design Guidelines
 - Governance and Management Plan for the Grand River Corridor

- Grand River Activation:

- Contribution to complete the design and permitting for the restoration of the Grand River.

- Riverwalk Retrofits:

- Implementation of recommendations for capital improvements from the River Design Guidelines process.

Goal 2: Establish a True Downtown Neighborhood That is Home to a Diverse Population

- Development Support:

- Funding for future projects. Program funds will be used to further promote economic growth and development in Monroe North by funding approved eligible expenses for new projects.

- Downtown Census:

- Update to existing downtown census. DGRI has committed to updating the census on a biannual basis to better understand the changing dynamics of the downtown resident, employee, and visitor populations.

- Downtown Enhancement Grant (i.e., Streetscape Improvement Incentive Program):

- Funding for the Downtown Enhancement Grant Program. Funds will be used to cover existing obligations and to continue to assist property and business owners in the rehabilitation of the downtown public realm. Funds are utilized to reimburse eligible activities, including installation of street furniture, snowmelt, and other public realm improvements.

- Infrastructure Improvements - Miscellaneous:

- Funding improved public infrastructure in Monroe North, including new tree plantings.

Grand Rapids Tax Increment Financing Authority

Schedule of Projects (Unaudited) (Continued)

June 30, 2019

Goal 3: Implement a 21st Century Mobility Strategy

- Accessibility and Streetscape Improvements:

Funding to implement recommendations from the downtown accessibility audit conducted by the Disability Advocates of Kent County.

- Bicycle Infrastructure Improvements:

Funding to continue the implementation of bike parking infrastructure throughout downtown in partnership with MobileGR. A portion of funding is also anticipated to go toward the initiation of bike share.

- Mason Street Reconstruction:

Authority contribution to the reconstruction of Mason Street from Monroe to Division Avenue. Project is currently scheduled for FY2020 and will likely include pedestrian enhancements to improve the streetscape and walkability.

- Newberry Street Reconstruction:

Authority contribution to the reconstruction of Newberry Street from Monroe to Division Avenue. Project is currently scheduled for FY2019 and will include pedestrian enhancements to improve the streetscape and walkability.

- Ottawa/Coldbrook/Monroe Intersection Improvements Reconstruction:

Authority contribution to the reconstruction of the intersection at Ottawa, Coldbrook, and Monroe Avenues to support the redevelopment of the Coldbrook Water Station. Project is currently scheduled for FY2020.

- Public Realm Improvements:

Investment in infrastructure to support the continued improvement of the public realm in Monroe North, including trash and recycling bins.

- Transit Improvements in Monroe North District:

Funding to help support the continued operation of DASH North, including proposed weekend and evening service.

Goal 5: Reinvest in Public Space, Culture, and Inclusive Programming

- Street Lighting Banner Brackets:

Expansion of infrastructure to enable district identity banners to be installed on key corridors.

- Urban Recreation:

Funding to implement recommendations from the downtown accessibility audit conducted by the Disability Advocates of Kent County.

- Bike Friendly Improvements:

Funding for bike parking infrastructure to expand the current program in partnership with MobileGR, the Traffic Safety Department, and the Greater Grand Rapids Bicycle Coalition to enhance and expand bike parking options downtown with a comprehensive bike parking plan (including new corrals, offstreet parking, etc.). Funding to conduct a demand/feasibility analysis for a citywide bikeshare will also be provided through this line item.

Grand Rapids Tax Increment Financing Authority

Schedule of Projects (Unaudited) (Continued)

June 30, 2019

- Urban Recreation: Parks Programming:

DDA contribution to Urban Recreation Programming helps to fund free outdoor fitness programming, including Zumba, Werq, Kickboxing, and Pound classes, as well as dancing classes, including world dance, ballroom, and street beats. This program will also help to fund outdoor walking and running tours.

- Street Lighting Banner Brackets:

Funding for infrastructure to continue street light banner program on key corridors.