

CITY OF GRANT, MICHIGAN

JUNE 30, 2023

REPORT OF EXAMINATION

CITY OF GRANT, MICHIGAN

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Grant
Newaygo County
Grant, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grant, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grant as of June 30, 2023, 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 Grant 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.

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 the City of Grant's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement 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 judgement 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 the City of Grant'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Grant'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 on pages 4 through 11 and 42-44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grant's basic financial statements. The accompanying combining and individual 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 financial statements of combining and individual funds 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 October 6, 2023, on our consideration of the City of Grant'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 Grant'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 Grant's internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Cadillac, Michigan
October 6, 2023

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Management's Discussion and Analysis

The management of the City of Grant, Michigan ("the City") offers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the City's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$7,496,475 (*Net Position*). Of this amount, \$1,134,737 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$1,281,841, of which \$572,575 is unassigned.
- ❖ At the end of the current fiscal year, unrestricted fund balance (the total of nonspendable, assigned and unassigned components of fund balance) for the General Fund was \$579,091.
- ❖ The City's total outstanding long-term obligations decreased by \$67,670 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as not capitalized net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, public works, community and economic development, culture and recreation, and interest on long-term debt. Business-type activities of the City include water and sewer utility services.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

The government-wide financial statements include not only the City of Grant itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

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

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

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Street Fund, Local Street Fund, Roads and Right-of-Ways Fund, and Police Fund which are considered to be major funds. The remaining funds are considered to be nonmajor funds.

The City adopts an annual appropriated budget for its major funds. A budgetary comparison has been provided for the major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and market activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer, and market activity, water and sewer are considered to be major funds of the City, while the market is considered to be a non-major fund.

The basic proprietary fund financial statements can be found on pages 19-23 of this report.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains one type of fiduciary fund. The Custodial Fund reports

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

resources held by the City in a custodial capacity for other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 24-25 of this report.

Component Unit The City's financial report includes reporting on separate legal entities for which the City has some level of financial responsibility. These funds shown in a separate column. The City's component unit includes the Downtown Development Authority.

Notes to Financial Statements The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found on pages 26-41 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the City's financial position. In the case of the City of Grant, assets exceeded liabilities by \$7,496,475 at the close of the most recent fiscal year.

*City of Grant
Net Position*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current Assets	\$ 1,298,558	\$ 1,087,583	\$ 583,264	\$ 541,236	\$ 1,881,822	\$ 1,628,819
Restricted Assets	0	0	560,240	549,814	560,240	549,814
Capital Assets	1,953,749	2,049,821	4,966,836	5,144,622	6,920,585	7,194,443
Total Assets	3,252,307	3,137,404	6,110,340	6,235,672	9,362,647	9,373,076
Liabilities						
Current Liabilities	34,436	137,784	75,996	68,123	110,432	205,907
Long-Term Liabilities	187,672	195,713	1,568,068	1,625,038	1,755,740	1,820,751
Total Liabilities	222,108	333,497	1,644,064	1,693,161	1,866,172	2,026,658
Net Position						
Net Investment in Capital Assets	1,763,011	1,846,413	3,342,836	3,465,622	5,105,847	5,312,035
Restricted for Specific Purposes	702,698	604,430	553,193	542,530	1,255,891	1,146,960
Unrestricted	564,490	353,064	570,247	534,359	1,134,737	887,423
Total Net Position	\$ 3,030,199	\$ 2,803,907	\$ 4,466,276	\$ 4,542,511	\$ 7,496,475	\$ 7,346,418

The most significant portion of the City's net position is cash and the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the City used to acquire or construct the asset. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has \$1,134,737 in unrestricted net position. These assets represent resources that are available for appropriation, but are limited by City policies regarding their use.

The total net position of the City increased \$150,057 in this fiscal year. Governmental activities increased by \$226,292, while business-type activities decreased by \$76,235.

*City of Grant
Change in Net Position*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 239,603	\$ 151,416	\$ 616,458	\$ 573,188	\$ 856,061	\$ 724,604
Operating Grants and Contributions	281,248	147,558	0	0	281,248	147,558
Capital Grants and Contributions	45,875	48,949	0	0	45,875	48,949
General Revenues						
Taxes	416,127	408,360	0	0	416,127	408,360
State Shared Revenue	136,363	133,740	0	0	136,363	133,740
Investment Earnings	14,967	1,442	8,200	1,866	23,167	3,308
Other Revenue	2,143	13,110	1,167	20	3,310	13,130
Transfers	(10,000)	(15,000)	10,000	15,000	0	0
Total Revenues	1,126,326	889,575	635,825	590,074	1,762,151	1,479,649
Expenses						
General Government	204,268	205,587	0	0	204,268	205,587
Public Safety	312,641	219,577	0	0	312,641	219,577
Public Works	301,790	255,869	0	0	301,790	255,869
Community and						
Economic Development	51,500	4,500	0	0	51,500	4,500
Culture and Recreation	23,072	30,675	0	0	23,072	30,675
Water	0	0	245,960	253,509	245,960	253,509
Sewer	0	0	465,852	451,046	465,852	451,046
Market	0	0	248	45	248	45
Interest on Long-Term Debt	6,763	12,878	0	0	6,763	12,878
Total Expenses	900,034	729,086	712,060	704,600	1,612,094	1,433,686
Changes in Net Position	226,292	160,489	(76,235)	(114,526)	150,057	45,963
NET POSITION - Beginning of Year	2,803,907	2,643,418	4,542,511	4,657,037	7,346,418	7,300,455
NET POSITION - End of Year	\$ 3,030,199	\$ 2,803,907	\$ 4,466,276	\$ 4,542,511	\$ 7,496,475	\$ 7,346,418

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities

During the current fiscal year, net position for the governmental activities increased \$226,292 from the prior fiscal year for an ending balance of \$3,030,199. The most significant part of the revenue for all governmental activities of the City comes from property taxes. The City's governmental activities expenses are dominated by the General Government, Public Works, and Public Safety expenses. Public Safety represented the largest expense at \$312,641, which is made up of Public Safety expenditures in the Police Fund and Fire Fund. Public Works represents the next largest expense at \$301,790. The City spent \$204,268 in this fiscal year on General Government.

Business-Type Activities

The City's business-type activities accounted for a decrease of \$76,235 in the City's net position for the fiscal year ended June 30, 2023.

The business-type activities of the City include the Water Fund, Sewer Fund, and Market Fund, the water and sewer funds provide water and sewer utility services to City residents as well as commercial customers. The Market Fund records the operations of a farmers' market.

Financial Analysis of the Government's Funds

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

Governmental Funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At the completion of the City's fiscal year ended June 30, 2023, its governmental funds reported fund balances of \$1,281,841. There is \$572,575 in unassigned fund balance. The remaining \$709,266 of fund balance of the governmental funds is assigned, restricted, or nonspendable and is therefore not available for new appropriation.

General Fund – The General Fund fund balance increased by \$215,722, which brings the fund balance to \$579,091. \$572,575 of this fund balance is unassigned and \$6,516 is nonspendable. The increase is primarily due to having increased revenues related to equipment rents, interest, and grants.

Major Street Fund – The Major Street Fund increased its fund balance by \$62,062, which brings the fund balance to \$417,174. All of this balance is restricted for major street improvements. The increase represents the amount of state funding that was collected in excess of major street expenditures.

Local Street Fund – The Local Street Fund increased its fund balance by \$15,272, which brings the balance to \$127,906 All of this balance is restricted for local street improvements. The increase represents the amount of state funding that was collected in excess of local street expenditures.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Roads and Right-of-Ways Fund – The Roads and Right-of-Ways Fund increased its fund balance by \$14,768, which brings the balance to \$150,486. All of this balance is restricted for street improvements and projects. Property tax revenues were more than road improvement expenditures, causing the increase.

Police Fund – Police Fund increased its fund balance by \$6,164, which brings the balance to \$6,371. All of this balance is restricted for public safety. Property tax revenues and transfers in were more than public safety expenditures, causing the increase.

Non-Major Funds – The Non-Major Funds of the City increased their combined fund balance by \$2 during the fiscal year. The funds experienced minimal activity causing the small increase in fund balance.

Proprietary Funds The City's proprietary funds provide the same information as the government-wide statements.

Water Fund – The Water Fund ended the fiscal year with a decrease in net position of \$20,613. The unrestricted net position increased \$26,307, net position restricted for debt service increased \$185, net position restricted for replacement, repairs, and improvements increased \$190 and net position invested in capital assets decreased by \$47,295. Charges for services to residents for use of the water system was less than operating and non-operating expenses, causing the decrease in net position.

Sewer Fund – The Sewer Fund ended the fiscal year with a decrease in net position of \$56,111. The unrestricted net position increased \$9,092, net position restricted for debt service increased \$186, net position restricted for replacement, repairs, and improvements increased \$10,102, and net position invested in capital assets decreased by \$75,491. Charges for services to residents for use of the sewer system was less than operating and non-operating expenses, causing the decrease in net position.

General Fund Budgetary Highlights

During the year, various budget amendments resulted in changes in appropriations. These changes are shown on pages 42-44 of this report.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues	\$ 537,662	\$ 636,227	\$ 753,851
Total Expenditures	\$ 307,215	\$ 354,706	\$ 345,028

Original and final budgeted revenues and expenditures were amended throughout the year as they became clearer as to what the City was collecting and expending. The results were changes to most every revenue source and expenditure function.

The variance between budgeted revenues and actual revenues was due to the City not budgeting for federal grant revenue. The variance between the budgeted expenditures compared to actual expenditures was minimal.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Capital Assets The City's investment in capital assets for governmental and business-type activities as of June 30, 2023, amounted to \$6,920,585 net of accumulated depreciation. Capital assets summarized below include any items that were capitalized as outlined in the capitalization policy.

City of Grant
Capital Assets as of June 30,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 146,348	\$ 146,348	\$ 53,642	\$ 53,642	\$ 199,990	\$ 199,990
Construction in Progress	0	0	11,892	0	11,892	0
Buildings	562,724	562,724	164,999	164,999	727,723	727,723
Improvements Other than Buildings	499,837	499,837	8,845,207	8,845,207	9,345,044	9,345,044
Machinery and Equipment	408,227	394,663	197,010	197,010	605,237	591,673
Vehicles	241,749	190,170	0	0	241,749	190,170
Infrastructure	1,950,642	1,936,642	0	0	1,950,642	1,936,642
Subtotal	3,809,527	3,730,384	9,272,750	9,260,858	13,082,277	12,991,242
Accumulated Depreciation	1,855,778	1,680,563	4,305,914	4,116,236	6,161,692	5,796,799
Net Capital Assets	\$ 1,953,749	\$ 2,049,821	\$ 4,966,836	\$ 5,144,622	\$ 6,920,585	\$ 7,194,443

Major capital asset events during the fiscal year included the following:

Asset Additions:

- ❖ AED Equipment at a cost of \$3,424.
- ❖ Linear Operator at a cost of \$5,065.
- ❖ Stump Grinder Attachment at a cost of \$5,075.
- ❖ Sewer Line Replacement in the amount of \$14,000.
- ❖ 2022 Ford Explorer and Accessories at a cost of \$51,579.

Long-Term Obligations As of June 30, 2023, the City had outstanding obligations of \$1,825,453, consisting of general obligation bonds, revenue bonds, accrued compensated absences, and an installment purchase agreement. The debt represents bonds secured solely by the specific revenue sources (water and sewer system revenue bonds, \$1,624,000), accrued compensated absences of \$10,715, and an installment purchase agreement for \$190,738.

Economic Condition and Outlook

The August 2023 unemployment rate (not seasonally adjusted) for Newaygo County is 4.5%. This is eight tenths of a percent (0.80%) higher than the state of Michigan.

The City of Grant's total taxable value (real and personal) for FY 2023-2024 increased to \$21,655,953 from \$19,858,259 in FY 2022-2023. This is the eighth consecutive annual increase in taxable value due to increasing property values and investment in the city, particularly in residential housing.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

Listed below are taxable values by fiscal year:

2011-2012:	\$15,376,618		2018-2019:	\$16,887,276	3.08%
2012-2013:	\$15,502,051	0.82%	2019-2020:	\$17,712,984	4.89%
2013-2014:	\$15,877,991	2.43%	2020-2021:	\$18,360,441	3.66%
2014-2015:	\$15,685,030	-1.22%	2021-2022:	\$19,115,965	4.11%
2015-2016:	\$15,574,659	-0.70%	2022-2023:	\$19,858,259	3.88%
2016-2017:	\$15,603,752	0.19%	2023-2024:	\$21,655,953	9.05%
2017-2018:	\$16,382,393	4.99%			

Taxable value is the basis for revenue in conjunction with millage rates. The current expected property tax millage rates, adjusted for Headlee Amendment Rollbacks fraction, is 11.9664 for the General Operating Fund, 2.7961 for Roads and Right-of-Ways Fund, 0.9893 mill for fire operating and equipment, 0.9893 mill for public safety, 0.9893 for community policing.

Improving the quality of life, public services, sense of place and good public infrastructure are all important keys to attracting and retaining investment. The City continues to seek alternative funding for operations and capital projects and is committed to making decisions based on the principles of sustainability. The City of Grant continually encourages public and private investment. We will work with anyone who wants to contribute to the growth and vibrancy of our community.

Request for Information

The financial report is designed to provide our citizens, 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 any additional information, contact City Manager Kasey Jernberg at the City of Grant, 280 S. Maple Street, P.O. Box 435, Grant, Michigan 49327 or by phone at 231-834-7904.

CITY OF GRANT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 1,172,688	\$ 399,978	\$ 1,572,666	\$ 0
Receivables				
Accounts	46,130	161,863	207,993	0
Internal Balances	(856)	856	0	0
Prepaid Expenses	6,516	20,567	27,083	0
Due from Other Governments	74,080	0	74,080	0
Total Current Assets	1,298,558	583,264	1,881,822	0
<u>RESTRICTED ASSETS</u>				
Cash	0	560,240	560,240	0
<u>CAPITAL ASSETS (Net of Accumulated Depreciation)</u>				
Assets Not Being Depreciated	146,348	65,535	211,883	0
Assets Being Depreciated	1,807,401	4,901,301	6,708,702	0
Total Capital Assets (Net of Accumulated Depreciation)	1,953,749	4,966,836	6,920,585	0
TOTAL ASSETS	3,252,307	6,110,340	9,362,647	0
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	9,934	11,949	21,883	0
Accrued Wages	6,783	0	6,783	0
Accrued Interest	5,006	7,047	12,053	0
Current Portion of Long-Term Debt	12,713	57,000	69,713	0
Total Current Liabilities	34,436	75,996	110,432	0

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

CITY OF GRANT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNIT
<u>LONG-TERM LIABILITIES</u>				
Compensated Absences	9,647	1,068	10,715	0
Bonds Payable	0	1,624,000	1,624,000	0
Installment Purchase Agreement	190,738	0	190,738	0
Less: Current Portion	(12,713)	(57,000)	(69,713)	0
Total Long-Term Liabilities	187,672	1,568,068	1,755,740	0
TOTAL LIABILITIES	222,108	1,644,064	1,866,172	0
<u>EQUITY</u>				
Net Position:				
Net Investment in Capital Assets	1,763,011	3,342,836	5,105,847	0
Restricted for Major Street	417,174	0	417,174	0
Restricted for Local Street	127,906	0	127,906	0
Restricted for Fire	751	0	751	0
Restricted for Public Safety	6,371	0	6,371	0
Restricted for Drug Law Enforcement	10	0	10	0
Restricted for Roads and Right-of-Ways	150,486	0	150,486	0
Restricted for Debt Service	0	110,539	110,539	0
Restricted for Replacement, Repairs and Improvements	0	442,654	442,654	0
Unrestricted	564,490	570,247	1,134,737	0
TOTAL NET POSITION	\$ 3,030,199	\$ 4,466,276	\$ 7,496,475	\$ 0

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

CITY OF GRANT, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			COMPONENT UNIT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTALS	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government	\$ 204,268	\$ 98,858	\$ 6,259	\$ 14,000	\$ (85,151)	\$ 0	\$ (85,151)	\$ 0
Public Safety	312,641	78,735	9,454	26,800	(197,652)	0	(197,652)	0
Public Works	301,790	55,830	210,599	5,075	(30,286)	0	(30,286)	0
Community and Economic Development	51,500	6,180	51,500	0	6,180	0	6,180	0
Culture and Recreation	23,072	0	3,436	0	(19,636)	0	(19,636)	0
Interest on Long-Term Debt	6,763	0	0	0	(6,763)	0	(6,763)	0
Total Governmental Activities	900,034	239,603	281,248	45,875	(333,308)	0	(333,308)	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water Fund	245,960	213,373	0	0	0	(32,587)	(32,587)	0
Sewer Fund	465,852	402,350	0	0	0	(63,502)	(63,502)	0
Market Fund	248	735	0	0	0	487	487	0
Total Business-Type Activities	712,060	616,458	0	0	0	(95,602)	(95,602)	0
TOTAL PRIMARY GOVERNMENT	\$ 1,612,094	\$ 856,061	\$ 281,248	\$ 45,875	(333,308)	(95,602)	(428,910)	0
<u>COMPONENT UNIT</u>								
Downtown Development Authority	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0	0
<u>GENERAL REVENUES</u>								
Taxes					416,127	0	416,127	0
State Shared Revenue					136,363	0	136,363	0
Investment Earnings					14,967	8,200	23,167	0
Other Revenue					2,143	1,167	3,310	0
Transfers					(10,000)	10,000	0	0
Total General Revenues					559,600	19,367	578,967	0
Change in Net Position					226,292	(76,235)	150,057	0
<u>NET POSITION</u> - Beginning of Year					2,803,907	4,542,511	7,346,418	0
<u>NET POSITION</u> - End of Year					\$ 3,030,199	\$ 4,466,276	\$ 7,496,475	\$ 0

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2023

	GENERAL FUND	MAJOR STREET FUND	LOCAL STREET FUND	ROADS AND RIGHT-OF- WAYS FUND	POLICE FUND	NON-MAJOR FUNDS	TOTALS
<u>ASSETS</u>							
Cash	\$ 500,377	\$ 399,010	\$ 122,002	\$ 150,486	\$ 0	\$ 813	\$ 1,172,688
Accounts Receivable	5,846	0	0	0	40,284	0	46,130
Due from Other Funds	30,188	0	0	0	0	0	30,188
Due from Other Governments	50,000	18,176	5,904	0	0	0	74,080
Prepaid Expenditures	6,516	0	0	0	0	0	6,516
TOTAL ASSETS	\$ 592,927	\$ 417,186	\$ 127,906	\$ 150,486	\$ 40,284	\$ 813	\$ 1,329,602
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 9,588	\$ 12	\$ 0	\$ 0	\$ 334	\$ 0	\$ 9,934
Due to Other Funds	856	0	0	0	30,188	0	31,044
Accrued Wages	3,392	0	0	0	3,391	0	6,783
Total Liabilities	13,836	12	0	0	33,913	0	47,761
<u>FUND BALANCE</u>							
Nonspendable, Prepaid Expenditures	6,516	0	0	0	0	0	6,516
Restricted for:							
Major Streets	0	417,174	0	0	0	0	417,174
Local Streets	0	0	127,906	0	0	0	127,906
Fire Protection and Equipment	0	0	0	0	0	751	751
Public Safety	0	0	0	0	6,371	0	6,371
Drug Law Enforcement	0	0	0	0	0	10	10
Roads and Right-of-Ways	0	0	0	150,486	0	0	150,486
Assigned for:							
Sidewalk Projects	0	0	0	0	0	52	52
Unassigned	572,575	0	0	0	0	0	572,575
Total Fund Balance	579,091	417,174	127,906	150,486	6,371	813	1,281,841
TOTAL LIABILITIES AND FUND BALANCE	\$ 592,927	\$ 417,186	\$ 127,906	\$ 150,486	\$ 40,284	\$ 813	\$ 1,329,602

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances for Governmental Funds	\$	1,281,841
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Assets Not Being Depreciated	146,348	
Assets Being Depreciated	<u>1,807,401</u>	1,953,749
Long-term liabilities are not due and payable in the current period and are reported in the funds		
Installment Purchase Agreement		(190,738)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		
		(5,006)
Accrued absences (sick and vacation pay) are recognized in the fund statements when they mature (when they are due); however these amount are recognized when they are earned in the Statement of Net Position.		
		<u>(9,647)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>3,030,199</u></u>

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	GENERAL FUND	MAJOR STREET FUND	LOCAL STREET FUND	ROADS AND RIGHT-OF- WAYS FUND	POLICE FUND	NON- MAJOR FUNDS	TOTALS
<u>REVENUES</u>							
Taxes	\$ 301,566	\$ 0	\$ 0	\$ 55,575	\$ 39,324	\$ 19,662	\$ 416,127
Licenses and Permits	14,892	0	0	0	0	0	14,892
Federal Grants	92,898	0	0	0	26,800	0	119,698
State Grants	186,363	107,184	34,788	5,999	2,791	443	337,568
Charges for Services	60,270	0	0	0	76,508	0	136,778
Fines and Forfeitures	0	0	0	0	2,227	0	2,227
Interest and Rents	96,169	3,397	839	268	0	0	100,673
Other Revenue	1,693	0	0	0	6,670	0	8,363
Total Revenues	753,851	110,581	35,627	61,842	154,320	20,105	1,136,326
<u>EXPENDITURES</u>							
General Government	169,698	0	0	0	0	0	169,698
Public Safety	0	0	0	0	326,748	24,612	351,360
Public Works	112,493	34,881	14,227	47,074	0	0	208,675
Community and Economic Development	51,500	0	0	0	0	0	51,500
Recreation and Culture	11,337	0	0	0	0	0	11,337
Debt Service	0	13,638	6,128	0	0	0	19,766
Total Expenditures	345,028	48,519	20,355	47,074	326,748	24,612	812,336
Excess (Deficiency) of Revenues Over Expenditures	408,823	62,062	15,272	14,768	(172,428)	(4,507)	323,990
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In (Out)	(193,101)	0	0	0	178,592	4,509	(10,000)
Net Change in Fund Balance	215,722	62,062	15,272	14,768	6,164	2	313,990
<u>FUND BALANCES - Beginning of Year</u>	<u>363,369</u>	<u>355,112</u>	<u>112,634</u>	<u>135,718</u>	<u>207</u>	<u>811</u>	<u>967,851</u>
<u>FUND BALANCES - End of Year</u>	<u>\$ 579,091</u>	<u>\$ 417,174</u>	<u>\$ 127,906</u>	<u>\$ 150,486</u>	<u>\$ 6,371</u>	<u>\$ 813</u>	<u>\$ 1,281,841</u>

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Total Governmental Funds \$ 313,990

Amounts reported for governmental activities are different because:

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

Depreciation Expense	(175,215)
Capital Outlay	79,143

Accrued interest on installment purchase agreements is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	5,339
Accrued Interest Payable - End of Year	(5,006)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Installment Purchase Agreement Principal Payments	12,670
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Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of the Year	5,018
Compensated Absences - End of the Year	(9,647)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 226,292</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF GRANT, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES -

ENTERPRISE FUNDS

	<u>MAJOR FUNDS</u>		<u>NONMAJOR FUND</u>	
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>MARKET FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 393,725	\$ 5,156	\$ 1,097	\$ 399,978
Accounts Receivable	59,064	102,799	0	161,863
Prepaid Expenses	10,162	10,405	0	20,567
Due From Other Funds	0	856	0	856
Total Current Assets	462,951	119,216	1,097	583,264
<u>NONCURRENT ASSETS</u>				
<u>RESTRICTED ASSETS</u>				
Cash	138,687	421,553	0	560,240
<u>CAPITAL ASSETS</u>				
Property, Plant and Equipment	3,454,396	5,818,354	0	9,272,750
Less Accumulated Depreciation	(1,791,446)	(2,514,468)	0	(4,305,914)
Net Capital Assets	1,662,950	3,303,886	0	4,966,836
Total Noncurrent Assets	1,801,637	3,725,439	0	5,527,076
TOTAL ASSETS	2,264,588	3,844,655	1,097	6,110,340
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	0	11,949	0	11,949
Accrued Interest	1,154	5,893	0	7,047
Current Portion of Long-Term Debt	22,000	35,000	0	57,000
Total Current Liabilities	23,154	52,842	0	75,996

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

	<u>MAJOR FUNDS</u>		<u>NONMAJOR FUND</u>	<u>TOTALS</u>
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>MARKET FUND</u>	
<u>NONCURRENT LIABILITIES</u>				
Compensated Absences	534	534	0	1,068
Bonds Payable	277,000	1,347,000	0	1,624,000
Less Current Portion of Long-Term Debt	(22,000)	(35,000)	0	(57,000)
Total Noncurrent Liabilities	255,534	1,312,534	0	1,568,068
TOTAL LIABILITIES	278,688	1,365,376	0	1,644,064
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,385,950	1,956,886	0	3,342,836
Restricted for Debt Service	26,371	84,168	0	110,539
Restricted for Replacement, Repairs and Improvements	111,162	331,492	0	442,654
Unrestricted	462,417	106,733	1,097	570,247
TOTAL NET POSITION	\$ 1,985,900	\$ 2,479,279	\$ 1,097	\$ 4,466,276

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

	MAJOR FUNDS		NONMAJOR FUND		TOTALS
	WATER FUND	SEWER FUND	MARKET FUND		
<u>OPERATING REVENUES</u>					
Charges for Services	\$ 213,373	\$ 402,350	\$ 735	\$	616,458
<u>OPERATING EXPENSES</u>					
Salaries and Wages	15,722	4,433	0		20,155
FICA	1,180	332	0		1,512
Fringe Benefits	2,108	1,266	0		3,374
Administration	28,922	17,622	0		46,544
Health and Life Insurance	9,180	1,836	0		11,016
Office and Operating Supplies	10,712	30,028	248		40,988
Professional Services	9,466	5,987	0		15,453
Property and Liability Insurance	9,290	9,525	0		18,815
Workers Comp Insurance	911	911	0		1,822
Contracted Services	51,650	141,244	0		192,894
Repairs and Maintenance	147	51,952	0		52,099
Utilities	16,113	37,989	0		54,102
Telephone	1,511	2,489	0		4,000
Printing and Publishing	725	1,200	0		1,925
Equipment Rental	3,064	1,280	0		4,344
Miscellaneous	370	172	0		542
Education and Training	755	0	0		755
Membership and Subscriptions	1,067	547	0		1,614
Depreciation	68,295	121,383	0		189,678
Total Operating Expenses	231,188	430,196	248		661,632
Operating Income (Loss)	(17,815)	(27,846)	487		(45,174)
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Interest Income	1,023	7,175	2		8,200
Other Revenue	951	216	0		1,167
Interest Expense	(14,772)	(35,656)	0		(50,428)
Total Nonoperating Revenues (Expenses)	(12,798)	(28,265)	2		(41,061)
Income (Loss) Before Contributions and Transfers	(30,613)	(56,111)	489		(86,235)
Interfund Transfers	10,000	0	0		10,000
Change in Net Position	(20,613)	(56,111)	489		(76,235)
<u>TOTAL NET POSITION - Beginning of Year</u>	2,006,513	2,535,390	608		4,542,511
<u>TOTAL NET POSITION - End of Year</u>	\$ 1,985,900	\$ 2,479,279	\$ 1,097	\$	4,466,276

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

	MAJOR FUNDS		NONMAJOR FUND	TOTALS
	WATER FUND	SEWER FUND	MARKET FUND	
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 207,579	\$ 393,370	\$ 735	\$ 601,684
Cash Payments to Suppliers for Goods and Services	(106,891)	(276,104)	(248)	(383,243)
Cash Payments to Employees for Services	(57,509)	(25,894)	0	(83,403)
Net Cash Provided (Used) for Operating Activities	43,179	91,372	487	135,038
Cash Flows from Noncapital Financing Activities				
Cash Transfers Between Funds	10,000	0	0	10,000
Other Revenue Received	951	216	0	1,167
Net Cash Provided (Used) for Noncapital Financing Activities	10,951	216	0	11,167
Cash Flows from Capital and Related Financing Activities				
Principal and Interest on Capital Debt	(35,860)	(69,805)	0	(105,665)
Acquisition of Capital Assets	0	(11,892)	0	(11,892)
Net Cash Provided (Used) for Capital Financing Activities	(35,860)	(81,697)	0	(117,557)
Cash Flows from Investing Activities				
Interest Income	1,023	7,175	2	8,200
Net Increase (Decrease) in Cash and Cash Equivalents	19,293	17,066	489	36,848
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	513,119	409,643	608	923,370
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 532,412	\$ 426,709	\$ 1,097	\$ 960,218

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

	MAJOR FUNDS		NONMAJOR FUND	TOTALS
	WATER FUND	SEWER FUND	MARKET FUND	
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating Income (Loss)	\$ (17,815)	\$ (27,846)	\$ 487	\$ (45,174)
Adjustments to reconcile Operating Income				
To Net Cash Provided by Operating Activities				
Depreciation	68,295	121,383	0	189,678
(Increase) Decrease in Current Assets				
Accounts Receivable	(5,794)	(8,980)	0	(14,774)
Due from Other Funds	(412)	(420)	0	(832)
Increase (Decrease) in Current Liabilities				
Accounts Payable	(1,110)	7,220	0	6,110
Increase (Decrease) in in Long-Term Liabilities				
Compensated Absences	15	15	0	30
Total Adjustments	60,994	119,218	0	180,212
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 43,179	\$ 91,372	\$ 487	\$ 135,038

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

CITY OF GRANT, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>CUSTODIAL FUND</u>
	<u>TAX COLLECTION FUND</u>
<u>ASSETS</u>	
Cash	\$ 3,737
<u>LIABILITIES</u>	
Due to Other Governments	<u> 3,737</u>
<u>NET POSITION</u>	<u>\$ 0</u>

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

CITY OF GRANT, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	CUSTODIAL FUND TAX COLLECTION FUND
<u>ADDITIONS</u>	
Property Taxes Collected	\$ 984,772
Miscellaneous	1,241
TOTAL ADDITIONS	986,013
<u>DEDUCTIONS</u>	
Property Taxes Distributed	984,772
Miscellaneous	1,241
TOTAL DEDUCTIONS	986,013
Net Increase (Decrease) in Fiduciary Net Position	0
<u>NET POSITION</u> - Beginning of Year	0
<u>NET POSITION</u> - End of Year	\$ 0

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

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Governmental-Wide Financial Statements

The governmental-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary 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 nonexchange 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 governmental is financially accountable.

B. Reporting Entity

The City of Grant, Michigan, was incorporated under the laws of the State of Michigan and operates under a Council-Manager form of government. As required by generally accepted accounting principles, these financial statements present all activities of the City. Entities for which the City is considered to be financially accountable are called component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government. Each discretely presented component unit has a June 30 year-end.

1. *Blended Component Units*

The City has no blended component units.

2. *Discretely Presented Component Units*

Downtown Development Authority (DDA) – The DDA was established through City Ordinance under Act No. 197 of the Public Acts of Michigan 1975. The City Council determined that it was necessary and in the best interest of the City to halt property value deterioration, to eliminate the causes of that deterioration and to promote economic growth. The members of the board of the DDA are appointed by the City Council. Its operational and capital budgets must be approved by the City Council.

The taxable valuation of the City of Grant within the DDA was below the base year, so no taxes were captured. Therefore, there is no activity to report on the financial statements for the current fiscal year. Since the Ordinance was adopted in September of 2008, there has not been a capture of taxes.

C. Basis of Presentation – Governmental-Wide Financial Statements

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

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The City of Grant 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 Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as major thoroughfares and for the maintenance contract of the state trunk lines.

The *Local Street Fund* receives all local street money paid to the city by the State, accounts for all construction, maintenance, traffic services, and snow and ice control on all streets classified as local.

The *Roads and Right-of-Ways Fund* accounts for property taxes levied to build, maintain and improve the City's infrastructure.

The *Police Fund* accounts for the City's millage revenue that is restricted for police protection services and records all financial activity related to police protection services to its customers.

The City of Grant reports the following major proprietary funds:

The *Water and Sewer Funds* account for the provision of water and sewer services to the residents of the City. All activities, including debt service, related to such services are accounted for in the water and sewer system funds which are generally self-supporting. Primary financing is provided through user-charges.

Additionally, the City of Grant reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted or assigned to expenditure for specific purposes.

The *Enterprise Fund* is used to record the operation of a "farmers market." This is a self-supporting fund which does business with individuals and firms outside the local unit departments and therefore is classified as an Enterprise Fund.

Additionally, the City of Grant reports the following fiduciary fund:

The *Custodial Fund* accounts for property taxes collected by the City on behalf of other governmental units as well as the City's General Fund, Roads and Right of Ways Fund, Police Fund, and Fire Fund.

CITY OF GRANT, MICHIGAN

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During the course of operations, the government 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 governmental-wide financial statements. Balances between the funds included in governmental activities 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., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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 the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. 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 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 government 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.

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 resource (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, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF GRANT, MICHIGAN

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JUNE 30, 2023

The proprietary funds are reported using the *economic resources focus* and the *accrual basis of accounting*. The custodial fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary Basis of Accounting

- Prior to June 30, the City Clerk submits to the City Council a proposed operating budget for all governmental funds for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to June 30, the budget is legally enacted through passage of a budget ordinance. Budgets are submitted on a line-item basis but adopted by the Council on a major function basis.
- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the City Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.
- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the City Council from time to time throughout the year.
- Encumbrance accounting is not used by the City.

2. Excess of Expenditures Over Appropriations

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Public Works		
Department of Public Works	\$ 95,915	\$ 98,118
Major Street Fund		
Debt Service		
Interest	3,929	4,896

These overages were covered by available fund balance and greater than anticipated revenues.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund balance

1. Cash and Cash Equivalents

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 date of acquisition. Investments are stated

CITY OF GRANT, MICHIGAN

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at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

2. Investments

The City's investment policy is in compliance with state law and authorizes the City to invest in passbook savings accounts, certificates of deposit, and money market funds. The City does not have any investments other than interest bearing bank accounts. Some investments authorized by state law are shown as cash on the financial statements.

3. Inventories and Prepaid Items

Payments for inventory types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

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.

4. Restricted Assets

Certain proceeds of enterprise fund special assessment bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. 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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for land improvements, buildings and building improvements; \$1,500 for machinery and equipment and vehicles; and \$10,000 for assets in the Water and Sewer funds and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, as well as the component units are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and Improvements	25-40
Land Improvements	10-20
Water and Sewer Line	50-75
Roads and Other Infrastructure	20-30
Vehicles, Machinery and Equipment	5-10

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

6. *Unearned Revenue*

Unearned revenue arises when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The entity does not have unearned revenue.

7. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method which approximates the interest method over the term of the related obligation.

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

8. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

9. *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 to report as restricted – net position and unrestricted – net position 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. *Fund Balance Flow Assumption*

Sometimes the government 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

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 government's policy to consider restricted fund balance to have 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.

11. 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 government itself can establish limitations 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 government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The 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.

12. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue 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.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

2. *Property Taxes*

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. City taxes, state education taxes, and county taxes are levied and due July 1, and become delinquent after September 14. School taxes and the balance of taxes are levied and due December 1 and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. City property tax revenues are recognized when they become both measurable and available for use to finance City operations. Amounts which are not expected to be collected within sixty days are treated as unavailable revenues.

The 2022 taxable valuation of the City of Grant totaled \$19,858,259, on which ad valorem taxes levied consisted of 11.9676 mills for general operating, 0.9894 mills for fire protection services, 2.7964 mills for roads, 0.9894 mills for public safety and 0.9894 mill for police services. These levies raised approximately \$238,000 for operating purposes, \$20,000 for fire protection, \$56,000 for roads, \$20,000 for public safety, and \$20,000 for police services.

3. *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 of the water fund and sewer fund are charges to customers for services. Operating expenses for enterprise funds include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. *Compensated Absences (Vacation and Sick Leave)*

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. These benefits are considered current liabilities. A liability for all vacation pay is recorded in the government-wide and proprietary fund financial statements. Compensated absences are not accrued for modified accrual statements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Violations of Legal or Contractual Provisions*

Note I.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2023.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2023, The City had deposits subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of June 30, 2023, \$1,140,559 of the City’s bank balance of \$2,168,109 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2023, deposits of \$2,136,443 and petty cash of \$200, are reported on the financial statements as cash.

The deposits referred to above have been reported in either the cash and cash equivalents captions on the financial statements, based upon criteria disclosed in Note 1.

Interest rate risk. The City will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the City’s cash requirement.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk. The City will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the City’s 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.

Foreign currency risk. The City is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

The deposits referred to above have been reported in the cash caption on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government	Fiduciary Funds	Component Units	Reporting Entity
Cash	\$ 1,572,666	\$ 3,737	\$ 0	\$ 1,576,403
Cash - Restricted	560,240	0	0	560,240
	<u>\$ 2,132,906</u>	<u>\$ 3,737</u>	<u>\$ 0</u>	<u>\$ 2,136,643</u>

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

B. Receivables

Receivables as of year-end for the government's individual major funds, nonmajor, and fiduciary funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Police Fund	Major Street Fund	Local Street Fund	Water Fund	Sewer Fund	Total
Receivables							
Accounts	\$ 5,846	\$ 40,284	\$ 0	\$ 0	\$ 59,064	\$ 102,799	\$ 207,993
Due from Other Governments	50,000	0	18,176	5,904	0	0	74,080
Total	<u>\$ 55,846</u>	<u>\$ 40,284</u>	<u>\$ 18,176</u>	<u>\$ 5,904</u>	<u>\$ 59,064</u>	<u>\$ 102,799</u>	<u>\$ 282,073</u>

Amounts due from other governments include due from state and local sources for various projects and programs.

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 146,348	\$ 0	\$ 0	\$ 146,348
Capital Assets, Being Depreciated				
Buildings	562,724	0	0	562,724
Improvements Other Than Buildings	499,837	0	0	499,837
Machinery and Equipment	394,663	13,564	0	408,227
Vehicles	190,170	51,579	0	241,749
Infrastructure	1,936,642	14,000	0	1,950,642
Total Capital Assets, Being Depreciated	<u>3,584,036</u>	<u>79,143</u>	<u>0</u>	<u>3,663,179</u>
Less Accumulated Depreciation for:				
Buildings	209,568	14,157	0	223,725
Improvements other than buildings	183,045	20,663	0	203,708
Machinery and Equipment	242,878	34,629	0	277,507
Vehicles	92,900	18,125	0	111,025
Infrastructure	952,172	87,641	0	1,039,813
Total Accumulated Depreciation	<u>1,680,563</u>	<u>175,215</u>	<u>0</u>	<u>1,855,778</u>
Total Capital Assets, Being Depreciated, Net	<u>1,903,473</u>	<u>(96,072)</u>	<u>0</u>	<u>1,807,401</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,049,821</u>	<u>\$ (96,072)</u>	<u>\$ 0</u>	<u>\$ 1,953,749</u>

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 0	\$ 11,892	\$ 0	\$ 11,892
Land	53,642	0	0	53,642
Total Capital Assets, Being Depreciated	<u>53,642</u>	<u>11,892</u>	<u>0</u>	<u>65,534</u>
Capital Assets, Being Depreciated				
Buildings	164,999	0	0	164,999
Machinery and Equipment	197,010	0	0	197,010
Improvements Other Than Buildings	8,845,207	0	0	8,845,207
Total Capital Assets, Being Depreciated	<u>9,207,216</u>	<u>0</u>	<u>0</u>	<u>9,207,216</u>
Less Accumulated Depreciation for:				
Buildings	109,680	1,907	0	111,587
Machinery and Equipment	195,843	8,567	0	204,410
Improvements Other Than Buildings	3,810,713	179,204	0	3,989,917
Total Accumulated Depreciation	<u>4,116,236</u>	<u>189,678</u>	<u>0</u>	<u>4,305,914</u>
Total Capital Assets, Being Depreciated, Net	<u>5,090,980</u>	<u>(189,678)</u>	<u>0</u>	<u>4,901,302</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,144,622</u>	<u>\$ (177,786)</u>	<u>\$ 0</u>	<u>\$ 4,966,836</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 43,940
Public Safety	16,284
Public Works, Including Depreciation of General Infrastructure Assets	103,256
Recreation and Culture	<u>11,735</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 175,215</u>
<u>Business-Type Activities:</u>	
Water Fund	\$ 68,295
Sewer Fund	<u>121,383</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 189,678</u>

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

D. Interfund Receivables, Payables and Transfers

Individual fund interfund balances as of June 30, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 856
General Fund	Police Fund	30,188
		<u>\$ 31,044</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2023, are expected to be repaid within one year.

Individual fund transfers at June 30, 2023, were:

<u>Funds Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Water Fund	General Fund	\$ 10,000
Police Fund	General Fund	178,592
Fire Fund	General Fund	4,509
		<u>\$ 193,101</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-Term Obligations

1. Primary Government

The following is a summary of obligation transactions of the City of Grant for the year ended June 30, 2023:

	NOTES FROM DIRECT BORROWINGS AND DIRECT			TOTAL
	BONDS	PLACEMENTS	COMPENSATED ABSENCES	
Obligations Payable at July 1, 2022	\$ 1,679,000	\$ 203,408	\$ 6,056	\$ 1,888,464
New Obligations Incurred	0	0	4,659	4,659
Obligations Retired	(55,000)	(12,670)	0	(67,670)
Obligations Payable at June 30, 2023	<u>\$ 1,624,000</u>	<u>\$ 190,738</u>	<u>\$ 10,715</u>	<u>\$ 1,825,453</u>
Due within one year	<u>\$ 57,000</u>	<u>\$ 12,713</u>	Unknown	<u>\$ 69,713</u>

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Obligations payable at June 30, 2023, is comprised of the following individual issues:

Bonds:

\$586,000 Water Revenue Bonds, Series 1994 bonds, due in annual installments of \$22,000 to \$27,000 through June 1, 2034; plus interest at 5.00% \$ 277,000

\$1,722,000 Sewer System Revenue Bonds, Series 2009 Bonds in annual installments of \$35,000 to \$68,000 through September 1, 2049; plus interest at 2.625% 1,347,000

Notes From Direct Borrowings and Direct Placements

Due in annual installments of \$12,713 through December 31, 2037, interest at 3.5% 190,738

Compensated Absences:

Accumulated sick and vacation pay owed to City employees 10,715

\$ 1,825,453

The annual requirements to amortize these obligations outstanding other than compensated absences as of June 30, 2023, including interest payments of \$691,646, are as follows:

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES BONDS	TOTAL
	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS			
2024				
PRINCIPAL	\$ 12,713		\$ 57,000	\$ 69,713
INTEREST	6,674		48,749	55,423
TOTAL	<u>19,387</u>		<u>105,749</u>	<u>125,136</u>
2025				
PRINCIPAL	12,713		59,000	71,713
INTEREST	6,229		46,718	52,947
TOTAL	<u>18,942</u>		<u>105,718</u>	<u>124,660</u>
2026				
PRINCIPAL	12,713		61,000	73,713
INTEREST	5,785		44,609	50,394
TOTAL	<u>18,498</u>		<u>105,609</u>	<u>124,107</u>
2027				
PRINCIPAL	12,713		63,000	75,713
INTEREST	5,340		42,425	47,765
TOTAL	<u>18,053</u>		<u>105,425</u>	<u>123,478</u>
2028				
PRINCIPAL	12,713		64,000	76,713
INTEREST	4,894		40,164	45,058
TOTAL	<u>17,607</u>		<u>104,164</u>	<u>121,771</u>

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		TOTAL
	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	BONDS		
2029-2033				
PRINCIPAL	63,565	341,000		404,565
INTEREST	17,797	165,644		183,441
TOTAL	<u>81,362</u>	<u>506,644</u>		<u>588,006</u>
2034-2038				
PRINCIPAL	63,608	264,000		327,608
INTEREST	26,866	111,088		137,954
TOTAL	<u>90,474</u>	<u>375,088</u>		<u>465,562</u>
2039-2043				
PRINCIPAL	0	270,000		270,000
INTEREST	0	76,493		76,493
TOTAL	<u>0</u>	<u>346,493</u>		<u>346,493</u>
2044-2048				
PRINCIPAL	0	310,000		310,000
INTEREST	0	38,613		38,613
TOTAL	<u>0</u>	<u>348,613</u>		<u>348,613</u>
2049-2050				
PRINCIPAL	0	135,000		135,000
INTEREST	0	3,558		3,558
TOTAL	<u>0</u>	<u>138,558</u>		<u>138,558</u>
PRINCIPAL	190,738	1,624,000		1,814,738
INTEREST	73,585	618,061		691,646
TOTAL	<u>\$ 264,323</u>	<u>\$ 2,242,061</u>		<u>\$ 2,506,384</u>

Interest expense for the year ended June 30, 2023 was approximately \$57,191.

The annual requirements to amortize the accrued compensated absences are uncertain because it is unknown when the employees will use the benefit. Compensated absences will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

III. OTHER INFORMATION

A. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

B. Deferred Compensation Plan

The City has a deferred compensation plan in accordance with the Internal Revenue Code Section 457. The plan is administered by Security Benefit Group through an administrative service agreement. Eligible employees are

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

allowed to defer a portion of their salary until future years. In addition, the City has a policy in place to contribute 6% of each employee's gross compensation into the plan after one year of service has been completed. All amounts contributed are 100% vested immediately and therefore are the property of the employee as soon as the contributions are made. For the year ended June 30, 2023, the City contributed \$14,402 to the plan. Employees voluntarily deferred an additional \$7,524 to their individual plans. Covered wages for the year were approximately \$240,039, while total wages were approximately \$328,263. The City council has the authority to amend or terminate the plan.

C. Cafeteria Plan

The City administers its own cafeteria plan under Internal Revenue Code Section 125(b). Employees may elect to set aside a portion of their income for medical or dependent care purposes. Employees may not withdraw more than they have withheld during the plan year; also, if they do not use the full amount withheld within the plan year, the money becomes the City's funds. At June 30, 2023, the City has withheld no more than it has disbursed.

D. Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The City participates in a distinct pool of governmental entities within the State of Michigan for various risks of loss, including general liability, property and casualty, and workers' disability compensation. The pool is considered a public entity risk pools. The City pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

E. Endowment Fund

The Fremont Area Community Foundation holds an endowment fund which has been earmarked for the City of Grant. As of June 30, 2023, the Fremont Area Community Foundation holds endowment funds for the City of Grant in the amount of \$67,598.

F. Commitments and Contingencies

Under the terms and various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the City.

G. Subsequent Events

Subsequent to June 30, 2023, the City approved the purchase of a vehicle for \$8,331. Additionally, the City has been approved to construct wastewater treatment plant improvements & collection system lining improvements to provide improved sewer service to City residents. The total cost of the project will be \$3,495,000, of which \$882,000 will be funded from loan proceeds and \$2,613,000 will be from grants.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

No adjustments were made to the financial statements as a result of these subsequent events.

H. GASB Statement No. 96 – Subscription-based Information Technology Arrangements

It has been determined that the City has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

IV. UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND			MAJOR STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES						
Taxes	\$ 277,315	\$ 301,232	\$ 301,566	\$ 0	\$ 0	\$ 0
Licenses and Permits	14,700	15,298	14,892	0	0	0
Federal Grants	0	0	92,898	0	0	0
State Grants	113,350	185,300	186,363	96,000	104,000	107,184
Charges for Services	57,830	60,380	60,270	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Interest and Rents	61,267	69,217	96,169	300	2,400	3,397
Other Revenue	13,200	4,800	1,693	0	0	0
Total Revenues	537,662	636,227	753,851	96,300	106,400	110,581
EXPENDITURES						
General Government						
Mayor and City Council	10,890	10,890	8,810	0	0	0
Manager	73,976	73,554	72,128	0	0	0
Clerk	3,450	3,450	2,496	0	0	0
Board of Review	1,465	1,465	1,049	0	0	0
Treasurer	33,970	33,970	33,175	0	0	0
Assessor	11,000	11,000	9,827	0	0	0
Elections	5,926	4,392	2,855	0	0	0
City Hall	9,615	6,992	6,788	0	0	0
Community Building	12,050	26,600	26,245	0	0	0
Other General Government	6,581	6,420	6,325	0	0	0
Public Safety						
Police Department	0	0	0	0	0	0
Public Works						
Drains	800	400	393	0	0	0
Department of Public Works	96,931	95,915	98,118	0	0	0
Highways, Streets and Bridges	0	0	0	0	0	0
Cemetery	11,398	14,725	13,982	0	0	0
Street Department	0	0	0	32,380	43,040	34,881
Community and Economic Development						
Planning Commission	438	438	0	0	0	0
Economic Development	5,500	51,500	51,500	0	0	0
Recreation and Culture						
Parks and Recreation	23,225	12,995	11,337	0	0	0
Debt Service						
Principal	0	0	0	8,743	8,743	8,742
Interest	0	0	0	5,202	3,929	4,896
Total Expenditures	307,215	354,706	345,028	46,325	55,712	48,519
Excess (Deficiency) of Revenues Over Expenditures	230,447	281,521	408,823	49,975	50,688	62,062
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	0	0	0	0	0	0
Transfers In (Out)	(171,228)	(193,732)	(193,101)	0	0	0
Total Other Financing Sources (Uses)	(171,228)	(193,732)	(193,101)	0	0	0
Net Change in Fund Balance	59,219	87,789	215,722	49,975	50,688	62,062
FUND BALANCE - Beginning of Year	363,369	363,369	363,369	355,112	355,112	355,112
FUND BALANCE - End of Year	\$ 422,588	\$ 451,158	\$ 579,091	\$ 405,087	\$ 405,800	\$ 417,174

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	LOCAL STREET FUND			ROADS AND RIGHT-OF-WAY FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Taxes	\$ 0	\$ 0	\$ 0	\$ 55,400	\$ 55,575	\$ 55,575
Licenses and Permits	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	0
State Grants	32,000	34,000	34,788	4,200	5,945	5,999
Charges for Services	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Interest and Rents	100	730	839	50	50	268
Other Revenue	0	0	0	0	0	0
Total Revenues	32,100	34,730	35,627	59,650	61,570	61,842
<u>EXPENDITURES</u>						
General Government						
Mayor and City Council	0	0	0	0	0	0
Manager	0	0	0	0	0	0
Clerk	0	0	0	0	0	0
Board of Review	0	0	0	0	0	0
Treasurer	0	0	0	0	0	0
Assessor	0	0	0	0	0	0
Elections	0	0	0	0	0	0
City Hall	0	0	0	0	0	0
Community Building	0	0	0	0	0	0
Other General Government	0	0	0	0	0	0
Public Safety						
Police Department	0	0	0	0	0	0
Public Works						
Drains	0	0	0	0	0	0
Department of Public Works	0	0	0	0	0	0
Highways, Streets and Bridges	0	0	0	35,850	49,050	47,074
Cemetery	0	0	0	0	0	0
Street Department	63,690	16,495	14,227	0	0	0
Community and Economic Development						
Planning Commission	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0
Recreation and Culture						
Parks and Recreation	0	0	0	0	0	0
Debt Service						
Principal	3,929	4,896	3,928	0	0	0
Interest	2,338	2,200	2,200	0	0	0
Total Expenditures	69,957	23,591	20,355	35,850	49,050	47,074
Excess (Deficiency) of Revenues Over Expenditures	(37,857)	11,139	15,272	23,800	12,520	14,768
<u>OTHER FINANCING SOURCES (USES)</u>						
Sale of Capital Assets	0	0	0	0	0	0
Transfers In (Out)	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Net Change in Fund Balance	(37,857)	11,139	15,272	23,800	12,520	14,768
<u>FUND BALANCE - Beginning of Year</u>	112,634	112,634	112,634	135,718	135,718	135,718
<u>FUND BALANCE - End of Year</u>	\$ 74,777	\$ 123,773	\$ 127,906	\$ 159,518	\$ 148,238	\$ 150,486

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	POLICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 38,920	\$ 39,322	\$ 39,324
Licenses and Permits	0	0	0
Federal Grants	24,400	26,800	26,800
State Grants	2,375	3,470	2,791
Charges for Services	100	75,800	76,508
Fines and Forfeitures	1,500	1,330	2,227
Interest and Rents	0	0	0
Other Revenue	12,500	6,670	6,670
Total Revenues	79,795	153,392	154,320
<u>EXPENDITURES</u>			
General Government			
Mayor and City Council	0	0	0
Manager	0	0	0
Clerk	0	0	0
Board of Review	0	0	0
Treasurer	0	0	0
Assessor	0	0	0
Elections	0	0	0
City Hall	0	0	0
Community Building	0	0	0
Other General Government	0	0	0
Public Safety			
Police Department	246,411	332,615	326,748
Public Works			
Drains	0	0	0
Department of Public Works	0	0	0
Highways, Streets and Bridges	0	0	0
Cemetery	0	0	0
Street Department	0	0	0
Community and Economic Development			
Planning Commission	0	0	0
Economic Development	0	0	0
Recreation and Culture			
Parks and Recreation	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	246,411	332,615	326,748
Excess (Deficiency) of Revenues Over Expenditures	(166,616)	(179,223)	(172,428)
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Capital Assets	0	0	0
Transfers In (Out)	166,616	179,223	178,592
Total Other Financing Sources (Uses)	166,616	179,223	178,592
Net Change in Fund Balance	0	0	6,164
<u>FUND BALANCE</u> - Beginning of Year	0	0	207
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 6,371

CITY OF GRANT, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	FIRE	SIDEWALK	DRUG LAW ENFORCEMENT	TOTALS
<u>ASSETS</u>				
Cash	\$ 751	\$ 52	\$ 10	\$ 813
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Restricted for:				
Fire Protection and Equipment	751	0	0	751
Drug Law Enforcement	0	0	10	10
Assigned for:				
Sidewalk Projects	0	52	0	52
Total Fund Balance	751	52	10	813
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 751	\$ 52	\$ 10	\$ 813

CITY OF GRANT, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	FIRE	SIDEWALK	DRUG LAW ENFORCEMENT	TOTALS
<u>REVENUES</u>				
Taxes	\$ 19,662	\$ 0	\$ 0	\$ 19,662
State Grants	443	0	0	443
Total Revenues	20,105	0	0	20,105
 <u>EXPENDITURES</u>				
Public Safety	24,612	0	0	24,612
Excess (Deficiency) of Revenues Over Expenditures	(4,507)	0	0	(4,507)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In General Fund	4,509	0	0	4,509
Net Change in Fund Balance	2	0	0	2
 <u>FUND BALANCE - Beginning of Year</u>	749	52	10	811
 <u>FUND BALANCE - End of Year</u>	\$ 751	\$ 52	\$ 10	\$ 813

CITY OF GRANT, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash	\$ 500,377	\$ 463,884
Accounts Receivable	5,846	8,533
Due from Other Funds	30,188	0
Due from Other Governments	50,000	0
Prepaid Expenditures	6,516	6,219
	<hr/>	<hr/>
TOTAL ASSETS	\$ 592,927	\$ 478,636
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,588	\$ 19,377
Due to Other Funds	856	856
Accrued Wages	3,392	2,136
Unearned Revenue	0	92,898
	<hr/>	<hr/>
Total Liabilities	13,836	115,267
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Nonspendable, Prepaid Expenditures	6,516	6,219
Unassigned	572,575	357,150
	<hr/>	<hr/>
Total Fund Balance	579,091	363,369
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 592,927	\$ 478,636
	<hr/> <hr/>	<hr/> <hr/>

CITY OF GRANT, MICHIGAN
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 301,232	\$ 301,566	\$ 298,058
Licenses and Permits	15,298	14,892	15,310
Federal Grants	0	92,898	0
State Grants	185,300	186,363	133,740
Charges for Services	60,380	60,270	61,254
Interest and Rents	69,217	96,169	73,115
Other Revenue	4,800	1,693	14,928
Total Revenues	<u>636,227</u>	<u>753,851</u>	<u>596,405</u>
<u>EXPENDITURES</u>			
General Government	178,733	169,698	148,481
Public Works	111,040	112,493	156,622
Community and Economic Development	51,938	51,500	4,500
Recreation and Culture	12,995	11,337	18,525
Total Expenditures	<u>354,706</u>	<u>345,028</u>	<u>328,128</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>281,521</u>	<u>408,823</u>	<u>268,277</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Capital Assets	0	0	541
Transfers Out	(193,732)	(193,101)	(165,078)
Total Other Financing Sources (Uses)	<u>(193,732)</u>	<u>(193,101)</u>	<u>(164,537)</u>
Net Change in Fund Balance	87,789	215,722	103,740
<u>FUND BALANCE</u> - Beginning of Year	<u>363,369</u>	<u>363,369</u>	<u>259,629</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 451,158</u>	<u>\$ 579,091</u>	<u>\$ 363,369</u>

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
<u>TAXES</u>			
Current and Delinquent Taxes	\$ 237,848	\$ 238,180	\$ 229,007
MRE Tax	51,882	51,883	56,453
Penalties and Interest	1,808	1,809	3,070
Property Tax Administration Fee	9,694	9,694	9,528
Total Taxes	301,232	301,566	298,058
<u>LICENSES AND PERMITS</u>			
Franchise Fees	9,298	8,852	9,870
Business Licenses and Permits	6,000	6,040	5,440
Total Licenses and Permits	15,298	14,892	15,310
<u>FEDERAL GRANTS</u>			
Other Federal Grants	0	92,898	0
<u>STATE GRANTS</u>			
Sales and Use Tax	130,000	131,001	127,899
Small Taxpayer Loss Reimbursement	5,300	5,362	5,362
Other State Grants	50,000	50,000	479
Total State Grants	185,300	186,363	133,740
<u>CHARGES FOR SERVICES</u>			
Cemetery Lot Sales	1,800	1,800	4,000
Cemetery Burials	3,000	3,000	5,400
Zoning Fees	250	140	255
Contracted Services	0	0	16
Administration	55,330	55,330	51,583
Total Charges for Services	60,380	60,270	61,254

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	<u>2023</u>		<u>2022</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INTEREST AND RENTS</u>			
Interest	1,002	11,102	913
Rent (Community Building and Equipment)	32,500	49,312	36,938
Land Lease	10,315	10,316	10,316
Water Tower Lease	25,400	25,439	24,948
	<hr/>		
Total Interest and Rents	69,217	96,169	73,115
	<hr/>		
<u>OTHER REVENUE</u>			
Private Donations	750	750	2,900
Refunds and Rebates	1,000	0	6,202
Other Revenue	3,050	943	5,826
	<hr/>		
Total Other Revenue	4,800	1,693	14,928
	<hr/>		
Total Revenues	636,227	753,851	596,405
	<hr/>		
<u>OTHER FINANCING SOURCES</u>			
Sale of Capital Assets	0	0	541
	<hr/>		
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 636,227	\$ 753,851	\$ 596,946
	<hr/>		

CITY OF GRANT, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
<u>GENERAL GOVERNMENT</u>			
Mayor and City Council			
Salaries and Wages	\$ 6,000	\$ 5,500	\$ 5,625
Social Security Tax	460	421	430
Office and Operating Supplies	250	188	216
Transportation	200	0	0
Professional Services	400	307	373
Credit Card and Banking Fees	85	87	80
Printing and Publishing	500	126	117
Membership and Dues	975	1,022	964
Telephone and Internet	720	720	720
Professional Development	800	0	0
Miscellaneous	500	439	255
	10,890	8,810	8,780
Manager			
Salaries and Wages	56,270	56,572	52,213
Social Security Tax	4,305	3,977	3,755
Fringes	6,954	6,769	4,814
Office and Operating Supplies	400	412	324
Contracted Services	250	266	0
Professional Services	1,250	697	1,064
Membership and Dues	825	425	541
Telephone and Internet	2,000	2,055	1,824
Transportation	200	0	0
Professional Development	900	852	0
Miscellaneous	200	103	315
	73,554	72,128	64,850
Clerk			
Office and Operating Supplies	600	305	280
Contracted Services	300	159	0
Professional Services	900	919	1,288
Membership and Dues	500	0	0
Telephone and Internet	950	1,106	948
Printing and Publishing	100	0	0
Miscellaneous	100	7	15
	3,450	2,496	2,531
Board of Review			
Salaries and Wages	850	616	847
Social Security Tax	65	47	65
Printing and Publishing	300	300	300
Professional Development	200	0	100
Miscellaneous	50	86	85
	1,465	1,049	1,397

CITY OF GRANT, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
Treasurer			
Salaries and Wages	26,136	26,223	23,855
Social Security Tax	2,000	1,800	1,573
Fringes	60	55	60
Office and Operating Supplies	550	499	1,228
Professional Services	1,250	1,099	1,298
Contracted Services	2,100	2,259	2,295
Membership and Dues	200	99	75
Telephone and Internet	924	1,106	948
Printing and Publishing	50	0	0
Transportation	200	21	18
Professional Development	400	0	0
Miscellaneous	100	14	20
	33,970	33,175	31,370
Assessor			
Contracted Services	11,000	9,827	10,443
Elections			
Salaries and Wages	1,900	1,891	1,038
Social Security Tax	142	141	76
Office and Operating Supplies	400	163	719
Contracted Services	1,000	660	1,553
Printing and Publishing	500	0	412
Transportation	200	0	0
Professional Development	250	0	0
	4,392	2,855	3,798
City Hall			
Salaries and Wages	1,850	1,828	1,252
Social Security Tax	142	139	94
Operating Supplies	400	329	366
Utilities	3,900	3,802	3,616
Repairs and Maintenance	500	427	539
Equipment Rental	150	233	0
Miscellaneous	50	30	28
	6,992	6,788	5,895

CITY OF GRANT, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
Community Building			
Salaries and Wages	1,300	1,297	959
Social Security Tax	100	96	71
Operating and Maintenance Supplies	1,550	1,471	292
Contracted Services	2,100	2,070	356
Utilities	6,900	6,902	7,353
Repairs and Maintenance	500	240	4,133
Equipment Rental	50	24	0
Miscellaneous	100	145	74
Capital Outlay	14,000	14,000	0
	<u>26,600</u>	<u>26,245</u>	<u>13,238</u>
Other General Government			
Workers' Compensation	1,000	911	789
Property and Liability Insurance	5,420	5,414	5,390
	<u>6,420</u>	<u>6,325</u>	<u>6,179</u>
Total General Government	<u>178,733</u>	<u>169,698</u>	<u>148,481</u>
<u>PUBLIC WORKS</u>			
Drains	400	393	318
Department of Public Works			
Salaries and Wages	47,500	48,898	34,453
Social Security Tax	3,650	3,640	2,549
Fringes	3,715	3,329	4,288
Office and Operating Supplies	7,000	6,963	6,423
Professional Services	1,750	1,256	1,649
Contracted Services	3,300	3,260	19,205
Telephone and Internet	1,050	912	1,029
Uniforms	500	100	132
Utilities	1,500	1,588	1,312
Gas and Oil	7,500	11,548	10,301
Membership and Dues	150	45	45
Printing and Publishing	0	90	0
Professional Development	500	75	18
Repairs and Maintenance	6,600	6,028	5,996
Equipment Rental	500	0	0
Transportation	250	179	81
Miscellaneous	250	67	364
Capital Outlay	10,200	10,140	55,620
	<u>95,915</u>	<u>98,118</u>	<u>143,465</u>

CITY OF GRANT, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
Cemetery			
Salaries and Wages	5,500	5,282	5,363
Social Security Tax	425	400	402
Operating and Maintenance Supplies	3,800	3,580	26
Contracted Services	1,350	1,320	1,233
Equipment Rental	500	250	365
Capital Outlay	3,150	3,150	5,450
	14,725	13,982	12,839
Total Public Works	111,040	112,493	156,622
<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>			
Planning Commission			
Salaries and Wages	360	0	0
Social Security Tax	28	0	0
Office and Operating Supplies	50	0	0
	438	0	0
Economic Development			
Contracted Services	46,000	46,000	0
Membership and Dues	5,500	5,500	4,500
	51,500	51,500	4,500
Total Community and Economic Development	51,938	51,500	4,500
<u>RECREATION AND CULTURE</u>			
Parks and Recreation			
Salaries and Wages	4,500	4,510	4,420
Social Security Tax	345	346	331
Operating and Maintenance Supplies	2,350	1,934	2,995
Contracted Services	4,000	2,834	2,439
Repairs and Maintenance	200	0	0
Equipment Rental	750	1,084	0
Utilities	600	629	605
Miscellaneous	250	0	0
Capital Outlay	0	0	7,735
	12,995	11,337	18,525
Total Expenditures	354,706	345,028	328,128

CITY OF GRANT, MICHIGAN
GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2022

	2023		2022
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING USES</u>			
Transfers Out			
Sewer Fund	0	0	15,000
Water Fund	10,000	10,000	0
Police Fund	179,223	178,592	145,758
Fire Fund	4,509	4,509	4,320
Total Other Financing Uses	193,732	193,101	165,078
 TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 548,438	\$ 538,129	\$ 493,206

CITY OF GRANT, MICHIGAN
WATER FUND

COMPARATIVE STATEMENT OF NET POSITION
JUNE 30,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 393,725	\$ 374,719
Accounts Receivable	59,064	53,270
Prepaid Expenses	10,162	9,750
Total Current Assets	462,951	437,739
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	138,687	138,400
<u>CAPITAL ASSETS</u>		
Property, Plant and Equipment	3,454,396	3,454,396
Less Accumulated Depreciation	(1,791,446)	(1,723,151)
Net Capital Assets	1,662,950	1,731,245
Total Noncurrent Assets	1,801,637	1,869,645
TOTAL ASSETS	2,264,588	2,307,384
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	0	1,110
Accrued Interest	1,154	1,242
Current Portion of Long-Term Debt	22,000	21,000
Total Current Liabilities	23,154	23,352
<u>LONG-TERM LIABILITIES</u>		
Compensated Absences	534	519
Bonds Payable	277,000	298,000
Less Current Portion of Long-Term Debt	(22,000)	(21,000)
Total Long-Term Debt	255,534	277,519
TOTAL LIABILITIES	278,688	300,871
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,385,950	1,433,245
Restricted for Debt Service	26,371	26,186
Restricted for Replacement, Repairs and Improvements	111,162	110,972
Unrestricted	462,417	436,110
TOTAL NET POSITION	\$ 1,985,900	\$ 2,006,513

CITY OF GRANT, MICHIGAN
WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30,

	2023	2022
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 213,373	\$ 202,063
<u>OPERATING EXPENSES</u>		
Salaries and Wages	15,722	16,909
FICA	1,180	1,282
Fringe Benefits	2,108	2,403
Administration	28,922	27,754
Health and Life Insurance	9,180	12,555
Office and Operating Supplies	10,712	13,494
Professional Services	9,466	5,185
Property and Liability Insurance	9,290	9,128
Workers Comp Insurance	911	1,295
Contracted Services	51,650	54,538
Repairs and Maintenance	147	2,510
Utilities	16,113	16,643
Telephone	1,511	1,610
Printing and Publishing	725	755
Equipment Rental	3,064	1,389
Miscellaneous	370	293
Education and Training	755	345
Membership and Subscriptions	1,067	1,204
Depreciation	68,295	68,400
	231,188	237,692
Total Operating Expenses		
Operating Income (Loss)	(17,815)	(35,629)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	1,023	189
Other Revenue	951	0
Interest Expense	(14,772)	(15,817)
	(12,798)	(15,628)
Total Nonoperating Revenues (Expenses)		
Income (Loss) Before Contributions and Transfers	(30,613)	(51,257)
Interfund Transfers	10,000	0
	(20,613)	(51,257)
Change in Net Position		
<u>TOTAL NET POSITION</u> - Beginning of Year	2,006,513	2,057,770
<u>TOTAL NET POSITION</u> - End of Year	\$ 1,985,900	\$ 2,006,513

CITY OF GRANT, MICHIGAN
WATER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 207,579	\$ 204,017
Cash Payments to Suppliers for Goods and Services	(106,891)	(108,183)
Cash Payments to Employees for Services	(57,509)	(70,876)
Net Cash Provided (Used) for Operating Activities	43,179	24,958
Cash Flows from Noncapital Financing Activities		
Cash Transfers Between Funds	10,000	0
Other Revenue Received	951	0
Net Cash Provided (Used) for Noncapital Financing Activities	10,951	0
Cash Flows from Capital and Related Financing Activities		
Principal and Interest on Capital Debt	(35,860)	(35,900)
Acquisition of Capital Assets	0	(36,313)
Net Cash Provided (Used) for Capital and Related Financing Activities	(35,860)	(72,213)
Cash Flows from Investing Activities		
Interest Income	1,023	189
Net Increase (Decrease) in Cash and Cash Equivalents	19,293	(47,066)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	513,119	560,185
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	\$ 532,412	\$ 513,119
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (17,815)	\$ (35,629)
Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities		
Depreciation	68,295	68,400
(Increase) Decrease in Current Assets		
Accounts Receivable	(5,794)	1,954
Prepaid Expenses	(412)	(9,497)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(1,110)	206
Increase (Decrease) in Long-Term Liabilities		
Compensated Absences	15	(476)
Total Adjustments	60,994	60,587
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 43,179	\$ 24,958

CITY OF GRANT, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF NET POSITION

JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 5,156	\$ (1,771)
Accounts Receivable	102,799	93,819
Prepaid Expenses	10,405	9,985
Due From Other Funds	856	856
	<hr/>	<hr/>
Total Current Assets	119,216	102,889
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	421,553	411,414
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Property, Plant and Equipment	5,818,354	5,806,462
Less Accumulated Depreciation	(2,514,468)	(2,393,085)
	<hr/>	<hr/>
Net Capital Assets	3,303,886	3,413,377
	<hr/>	<hr/>
Total Noncurrent Assets	3,725,439	3,824,791
	<hr/>	<hr/>
TOTAL ASSETS	3,844,655	3,927,680
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	11,949	4,729
Accrued Interest	5,893	6,042
Current Portion of Long-Term Debt	35,000	34,000
	<hr/>	<hr/>
Total Current Liabilities	52,842	44,771
<u>LONG-TERM LIABILITIES</u>		
Compensated Absences	534	519
Bonds Payable	1,347,000	1,381,000
Less Current Portion of Long-Term Debt	(35,000)	(34,000)
	<hr/>	<hr/>
Total Long-Term Liabilities	1,312,534	1,347,519
	<hr/>	<hr/>
TOTAL LIABILITIES	1,365,376	1,392,290
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,956,886	2,032,377
Restricted for Debt Service	84,168	83,982
Restricted for Repairs, Replacement and Improvements	331,492	321,390
Unrestricted	106,733	97,641
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 2,479,279	\$ 2,535,390
	<hr/> <hr/>	<hr/> <hr/>

CITY OF GRANT, MICHIGAN
SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30,

	2023	2022
<u>OPERATING REVENUES</u>		
Charges for Services and Connection Fees	\$ 402,350	\$ 370,725
<u>OPERATING EXPENSES</u>		
Salaries and Wages	4,433	3,515
FICA	332	246
Fringe Benefits	1,266	1,234
Administration	17,622	17,054
Health and Life Insurance	1,836	2,511
Office and Operating Supplies	30,028	15,064
Professional Services	5,987	4,041
Property and Liability Insurance	9,525	9,407
Workers Comp Insurance	911	1,295
Contracted Services	141,244	137,971
Repairs and Maintenance	51,952	63,505
Utilities	37,989	32,521
Telephone	2,489	2,230
Printing and Publishing	1,200	109
Equipment Rental	1,280	1,508
Miscellaneous	172	213
Memberships and Dues	547	699
Depreciation	121,383	121,383
Total Operating Expenses	430,196	414,506
Operating Income (Loss)	(27,846)	(43,781)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	7,175	1,677
Other Revenue	216	20
Interest Expense	(35,656)	(36,540)
Total Nonoperating Revenues (Expenses)	(28,265)	(34,843)
Income (Loss) Before Contributions and Transfers	(56,111)	(78,624)
Interfund Transfers	0	15,000
Change in Net Position	(56,111)	(63,624)
<u>TOTAL NET POSITION</u> - Beginning of Year	2,535,390	2,599,014
<u>TOTAL NET POSITION</u> - End of Year	\$ 2,479,279	\$ 2,535,390

CITY OF GRANT, MICHIGAN
SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 393,370	\$ 370,798
Cash Payments to Suppliers for Goods and Services	(276,104)	(266,335)
Cash Payments to Employees for Services	(25,894)	(34,085)
	<hr/>	<hr/>
Net Cash Provided (Used) for Operating Activities	91,372	70,378
	<hr/>	<hr/>
Cash Flows from Noncapital Financing Activities		
Cash Transfers Between Funds	0	15,000
Other Revenue Received	216	20
	<hr/>	<hr/>
Net Cash Provided (Used) for Noncapital Financing Activities	216	15,020
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activities		
Principal and Interest on Capital Debt	(69,805)	(69,684)
Acquisition of Capital Assets	(11,892)	0
	<hr/>	<hr/>
Net Cash Provided (Used) for Capital and Related Financing Activities	(81,697)	(69,684)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Income	7,175	1,677
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	17,066	17,391
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	409,643	392,252
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 426,709	\$ 409,643
	<hr/> <hr/>	<hr/> <hr/>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (27,846)	\$ (43,781)
	<hr/>	<hr/>
Adjustments to reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	121,383	121,383
(Increase) Decrease in Current Assets		
Accounts Receivable	(8,980)	73
Prepaid Expenses	(420)	(9,732)
Increase (Decrease) in Current Liabilities		
Accounts Payable	7,220	2,228
Increase (Decrease) In Long-Term Liabilities		
Compensated Absences	15	207
	<hr/>	<hr/>
Total Adjustments	119,218	114,159
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 91,372	\$ 70,378
	<hr/> <hr/>	<hr/> <hr/>

CITY OF GRANT, MICHIGAN
COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2023</u>		<u>2022</u>
<u>ASSETS</u>	\$	0	\$ 0
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$	0	\$ 0
<u>FUND BALANCE</u>			
Unassigned		0	0
TOTAL LIABILITIES AND FUND BALANCE	\$	0	\$ 0

CITY OF GRANT, MICHIGAN
COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30,

	<u>2023</u>		<u>2022</u>
<u>REVENUES</u>	\$ 0	\$	0
<u>EXPENDITURES</u>			
Community and Economic Development	0		0
Excess (Deficiency) of Revenues Over Expenditures	0		0
<u>FUND BALANCE</u> - Beginning of Year	0		0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$	0

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

To the City Council
City of Grant
Newaygo County
Grant, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Grant, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below as items that we consider to be significant deficiencies.

1) *Segregation of Incompatible Duties and Documented Independent Review*

Criteria: Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the government. A key element of internal control is the segregation of duties.

Condition: The government has several accounting functions that are performed by the same individual and are not subject to a documented independent review and approval.

Cause: This condition is primarily the result of staffing constraints typical of smaller governmental units. Some of the control activities may be occurring on a routine basis but are not being documented.

Effect: As a result of this condition, the government is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation: There are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties. Recognizing this fact, we encourage the government to mitigate this risk by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: Management recognizes that this limitation is a natural outgrowth of the small number of full-time staff and applies its judgment in determining how best to allocate the government's resources to provide an appropriate balance between sound internal controls and fiscal prudence.

Corrective Action Plan: The City is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to strengthen internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. The City Council will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

2) *Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements*

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditor to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

Effect: As a result of this condition, the government's internal controls over the preparation of financial statements in accordance with GAAP are incomplete. Instead, the government relies, in part, on its external auditors for assistance with this task.

Recommendation: Due to the size and minimal activity, we recommend that the government continue to outsource financial statement preparation.

View of Responsible Officials: The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and noted prior to approving them and accepting responsibility for their content and presentation.

Corrective Action Plan: The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interest of the City to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation. The persons responsible for the corrective action is the City Council. Unless circumstances change, the City Council will continue to rely on its external auditors and realizes this comment will be repeated in subsequent years.

Report on Compliance and Other Matters

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

City of Grant, Michigan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Grant's response to the findings identified in our audit and described above. The City of Grant's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

UHY LLP

Cadillac, Michigan
October 6, 2023

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

To the City Council
City of Grant, Michigan
Newaygo County
Grant, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Grant for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 22, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Grant are described in Note I to the financial statements. During the fiscal year, the City adopted GASB Statement No. 96 Subscription-Based Information Technology Arrangements, which requires changes to how the subscription-based arrangements are reported. The application of existing policies was not changed during the 2022-2023 fiscal year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Grant's financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. Management's estimate of the liability of the payout of employee compensated absences is based on current contracts, rates and policies regarding payment of these benefits. We evaluated the methods, assumptions, and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We detected various material misstatements as a result of our audit procedures that were corrected by management. The material adjustments made were a result of converting the entity's financial records from cash basis to modified accrual basis of accounting and providing client assistance as the client knew the adjustment was necessary but requested our assistance.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Grant's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Grant's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of the City of Grant for the year ended June 30, 2023, we noted the following items which we feel deserve comment:

Condition of Accounting Records and Accounting Controls

We would like to thank the accounting personnel for their efforts in accumulating the information needed for our audit. We encourage you to review your internal and accounting controls on an annual basis to ensure they are adequate and operating as intended.

Budget

We noted that expenditures exceeded appropriations in one function in the General Fund and one function in the Major Street Fund. We recommend that the City monitor expenditures during the fiscal year and amend the budget as necessary.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis and the Budgetary Comparison Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Grant and is not intended to be, and should not be, used by anyone other than these specified parties.

UHY LLP

Cadillac, Michigan
October 6, 2023