

CITY OF GRANT, MICHIGAN

JUNE 30, 2024

REPORT OF EXAMINATION

CITY OF GRANT, MICHIGAN

JUNE 30, 2024

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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, 2024, 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, 2024, 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 31, 2024, 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 31, 2024

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 \$7,532,215 (*Net Position*). Of this amount, \$1,258,058 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 \$1,504,773, of which \$668,628 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 \$676,979.
- ❖ The City's total outstanding long-term obligations decreased by \$66,594 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, as well as market services.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

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 nonmajor funds.

The City adopts an annual appropriated budget for its General Fund and major special revenue funds. A budgetary comparison statement has been provided for these major funds to demonstrate compliance with these budgets.

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 governmental-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, 2024

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 \$7,532,215 at the close of the most recent fiscal year.

*City of Grant
Net Position*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Assets						
Current Assets	\$ 1,517,644	\$ 1,298,558	\$ 599,532	\$ 583,264	\$ 2,117,176	\$ 1,881,822
Restricted Assets	0	0	351,524	560,240	351,524	560,240
Capital Assets	1,868,353	1,953,749	4,984,107	4,966,836	6,852,460	6,920,585
Total Assets	3,385,997	3,252,307	5,935,163	6,110,340	9,321,160	9,362,647
Liabilities						
Current Liabilities	30,256	34,436	71,543	75,996	101,799	110,432
Long-Term Liabilities	177,209	187,672	1,509,937	1,568,068	1,687,146	1,755,740
Total Liabilities	207,465	222,108	1,581,480	1,644,064	1,788,945	1,866,172
Net Position						
Net Investment in Capital Assets	1,690,328	1,763,011	3,417,107	3,342,836	5,107,435	5,105,847
Restricted for Specific Purposes	827,742	702,698	338,980	553,193	1,166,722	1,255,891
Unrestricted	660,462	564,490	597,596	570,247	1,258,058	1,134,737
Total Net Position	\$ 3,178,532	\$ 3,030,199	\$ 4,353,683	\$ 4,466,276	\$ 7,532,215	\$ 7,496,475

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 spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

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 \$1,258,058 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 \$35,740 in this fiscal year. Governmental activities increased by \$148,333, while business-type activities decreased by \$112,593.

City of Grant
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues						
Charges for Services	\$ 250,894	\$ 239,603	\$ 633,346	\$ 616,458	\$ 884,240	\$ 856,061
Operating Grants and Contributions	187,983	281,248	0	0	187,983	281,248
Capital Grants and Contributions	0	45,875	0	0	0	45,875
General Revenues						
Taxes	454,044	416,127	0	0	454,044	416,127
State Shared Revenue	135,527	136,363	0	0	135,527	136,363
Investment Earnings	41,881	14,967	12,136	8,200	54,017	23,167
Other Revenue	59,733	2,143	0	1,167	59,733	3,310
Transfers	(15,000)	(10,000)	15,000	10,000	0	0
Total Revenues	1,115,062	1,126,326	660,482	635,825	1,775,544	1,762,151
Expenses						
General Government	218,818	204,268	0	0	218,818	204,268
Public Safety	409,202	312,641	0	0	409,202	312,641
Public Works	287,614	301,790	0	0	287,614	301,790
Community and						
Economic Development	9,799	51,500	0	0	9,799	51,500
Culture and Recreation	35,021	23,072	0	0	35,021	23,072
Water	0	0	308,791	245,960	308,791	245,960
Sewer	0	0	464,210	465,852	464,210	465,852
Market	0	0	74	248	74	248
Interest on Long-Term Debt	6,275	6,763	0	0	6,275	6,763
Total Expenses	966,729	900,034	773,075	712,060	1,739,804	1,612,094
Changes in Net Position	148,333	226,292	(112,593)	(76,235)	35,740	150,057
NET POSITION - Beginning of Year	3,030,199	2,803,907	4,466,276	4,542,511	7,496,475	7,346,418
NET POSITION - End of Year	\$ 3,178,532	\$ 3,030,199	\$ 4,353,683	\$ 4,466,276	\$ 7,532,215	\$ 7,496,475

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

Governmental Activities

During the current fiscal year, net position for the governmental activities increased \$148,333 from the prior fiscal year for an ending balance of \$3,178,532. 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 \$409,202, which is made up of Public Safety expenditures in the Police Fund and Fire Fund. Public Works represents the next largest expense at \$287,614. The City spent \$218,818 in this fiscal year on General Government.

Business-Type Activities

The City's business-type activities accounted for a decrease of \$112,593 in the City's net position for the fiscal year ended June 30, 2024.

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, 2024, its governmental funds reported fund balances of \$1,504,773. There is \$668,628 in unassigned fund balance. The remaining \$836,145 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 \$97,888, which brings the fund balance to \$676,979. \$668,628 of this fund balance is unassigned and \$8,351 is nonspendable. The increase is primarily due to having increased revenues related to property taxes, equipment rents, and interest.

Major Street Fund – The Major Street Fund increased its fund balance by \$64,788, which brings the fund balance to \$481,962. 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 \$34,207, which brings the balance to \$162,113. 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, 2024

Roads and Right-of-Ways Fund – The Roads and Right-of-Ways Fund increased its fund balance by \$13,946, which brings the balance to \$164,432. 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 \$12,104, which brings the balance to \$18,475. All of this balance is restricted for public safety. Property tax revenues, state grants, and transfers in were more than public safety expenditures, causing the increase.

Non-Major Funds – The Non-Major Funds of the City decreased their combined fund balance by \$1 during the fiscal year. The funds experienced minimal activity causing the small decrease 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 \$69,183. The unrestricted net position decreased \$6,652, net position restricted for debt service increased \$359, net position restricted for replacement, repairs, and improvements decreased \$51,728 and net position invested in capital assets decreased by \$11,162. 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 \$43,623. The unrestricted net position increased \$33,788, net position restricted for debt service decreased \$5,497, net position restricted for replacement, repairs, and improvements decreased \$157,347, and net position invested in capital assets increased by \$85,433. 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:

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
Total Revenues	\$ 642,119	\$ 655,776	\$ 675,171
Total Expenditures	\$ 408,581	\$ 348,996	\$ 329,657

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.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

The variance between budgeted revenues and actual revenues was due to the City collecting more interest and rent income than what was budgeted for. The variance between the budgeted expenditures compared to actual expenditures was due to expending less in the Department of Public Works than was anticipated.

Capital Assets The City's investment in capital assets for governmental and business-type activities as of June 30, 2024, amounted to \$6,852,460 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	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 146,348	\$ 146,348	\$ 53,642	\$ 53,642	\$ 199,990	\$ 199,990
Construction in Progress	0	0	173,637	11,892	173,637	11,892
Buildings	562,724	562,724	164,999	164,999	727,723	727,723
Improvements Other than Buildings	499,837	499,837	8,880,399	8,845,207	9,380,236	9,345,044
Machinery and Equipment	446,070	408,227	206,828	197,010	652,898	605,237
Vehicles	268,693	241,749	0	0	268,693	241,749
Infrastructure	1,950,642	1,950,642	0	0	1,950,642	1,950,642
Subtotal	3,874,314	3,809,527	9,479,505	9,272,750	13,353,819	13,082,277
Accumulated Depreciation	2,005,961	1,855,778	4,495,398	4,305,914	6,501,359	6,161,692
Net Capital Assets	\$ 1,868,353	\$ 1,953,749	\$ 4,984,107	\$ 4,966,836	\$ 6,852,460	\$ 6,920,585

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

- ❖ Portable radios for the police department totaling \$23,900.
- ❖ 2015 Chevy Tahoe police vehicle at a cost of \$12,500.
- ❖ 2023 Chevy Tahoe police vehicle in the amount of \$43,056.
- ❖ 2024 Chevy Tahoe police vehicle upfitting costing \$19,920.
- ❖ Disposed of a 2020 Interceptor police vehicle with a historical cost of \$48,533.
- ❖ Various equipment for the public works department including powered rake, Boss plow, GPS marking system and hardware for a total of \$29,172.
- ❖ Disposed of various equipment including cameras and banners that totaled a historical cost of \$15,228.
- ❖ Aerator manifold for the sewer fund costing \$10,509.
- ❖ Engineering related to the sewer system upgrade which is construction in progress for \$161,745.
- ❖ Replacement pump for well #2 totaling \$35,192.

As of June 30, 2024, the City has approved improvements to the wastewater system, which will be funded with a USDA loan and grant. The total project will be \$3,495,000.

Long-Term Obligations As of June 30, 2024, the City had outstanding obligations of \$1,758,859, consisting of general obligation bonds, revenue bonds, accrued compensated absences, and an installment purchase agreement. The debt

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2024

represents bonds secured solely by the specific revenue sources (water and sewer system revenue bonds, \$1,567,000), accrued compensated absences of \$13,834, and an installment purchase agreement for \$178,025.

Economic Condition and Outlook

The September 2024 unemployment rate (not seasonally adjusted) for Newaygo County is 4.2%. This is three tenths of a percent (0.30%) lower than the State of Michigan.

The City of Grant's total taxable value (real and personal) for FY 2024-2025 increased to \$23,031,627 from \$21,655,953 in FY 2023-2024. The strong taxable value growth is due to increasing property values and investment in the City, particularly in residential housing.

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%	2024-2025:	23,031,627	6.35%

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 11.8874 for the General Operating Fund, 2.9802 for Roads and Right-of-Ways Fund, 0.9934 mill for fire operating and equipment, and 1.9868 mill for police/public safety.

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, 2024

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 1,421,550	\$ 416,393	\$ 1,837,943	\$ 4,487
Receivables				
Accounts	43,694	157,022	200,716	0
Internal Balances	(856)	856	0	0
Prepaid Expenses	8,351	25,261	33,612	0
Due from Other Governments	44,905	0	44,905	0
Total Current Assets	1,517,644	599,532	2,117,176	0
<u>RESTRICTED ASSETS</u>				
Cash	0	351,524	351,524	0
<u>CAPITAL ASSETS (Net of Accumulated Depreciation)</u>				
Assets Not Being Depreciated	146,348	227,279	373,627	0
Assets Being Depreciated	1,722,005	4,756,828	6,478,833	0
Total Capital Assets (Net of Accumulated Depreciation)	1,868,353	4,984,107	6,852,460	0
TOTAL ASSETS	3,385,997	5,935,163	9,321,160	0
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	2,617	0	2,617	0
Accrued Wages	10,254	0	10,254	0
Accrued Interest	4,672	12,543	17,215	0
Current Portion of Long-Term Debt	12,713	59,000	71,713	0
Total Current Liabilities	30,256	71,543	101,799	0

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

CITY OF GRANT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2024

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>LONG-TERM LIABILITIES</u>				
Compensated Absences	11,897	1,937	13,834	0
Bonds Payable	0	1,567,000	1,567,000	0
Installment Purchase Agreement	178,025	0	178,025	0
Less: Current Portion	(12,713)	(59,000)	(71,713)	0
Total Long-Term Liabilities	177,209	1,509,937	1,687,146	0
TOTAL LIABILITIES	207,465	1,581,480	1,788,945	0
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,690,328	3,417,107	5,107,435	0
Restricted for Major Street	481,962	0	481,962	0
Restricted for Local Street	162,113	0	162,113	0
Restricted for Fire	750	0	750	0
Restricted for Public Safety	18,475	0	18,475	0
Restricted for Drug Law Enforcement	10	0	10	0
Restricted for Roads and Right-of-Ways	164,432	0	164,432	0
Restricted for Debt Service	0	105,401	105,401	0
Restricted for Replacement, Repairs and Improvements	0	233,579	233,579	0
Unrestricted	660,462	597,596	1,258,058	4,487
TOTAL NET POSITION	\$ 3,178,532	\$ 4,353,683	\$ 7,532,215	\$ 4,487

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

CITY OF GRANT, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION				COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
<u>PRIMARY GOVERNMENT</u>								
<u>GOVERNMENTAL ACTIVITIES</u>								
General Government	\$ 218,818	\$ 108,982	\$ 220	\$ 0	\$ (109,616)	\$ 0	\$ (109,616)	\$ 0
Public Safety	409,202	77,561	36,531	0	(295,110)	0	(295,110)	0
Public Works	287,614	58,101	151,232	0	(78,281)	0	(78,281)	0
Community and Economic Development	9,799	6,250	0	0	(3,549)	0	(3,549)	0
Recreation and Culture	35,021	0	0	0	(35,021)	0	(35,021)	0
Interest on Long-Term Debt	6,275	0	0	0	(6,275)	0	(6,275)	0
Total Governmental Activities	966,729	250,894	187,983	0	(527,852)	0	(527,852)	0
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water Fund	308,791	223,306	0	0	0	(85,485)	(85,485)	0
Sewer Fund	464,210	409,755	0	0	0	(54,455)	(54,455)	0
Market Fund	74	285	0	0	0	211	211	0
Total Business-Type Activities	773,075	633,346	0	0	0	(139,729)	(139,729)	0
TOTAL PRIMARY GOVERNMENT	\$ 1,739,804	\$ 884,240	\$ 187,983	\$ 0	(527,852)	(139,729)	(667,581)	0
<u>COMPONENT UNIT</u>								
Downtown Development Authority	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0	0
<u>GENERAL REVENUES</u>								
Taxes					454,044	0	454,044	4,479
State Shared Revenue					135,527	0	135,527	0
Investment Earnings					41,881	12,136	54,017	8
Other Revenue					59,733	0	59,733	0
Transfers					(15,000)	15,000	0	0
Total General Revenues					676,185	27,136	703,321	4,487
Change in Net Position					148,333	(112,593)	35,740	4,487
<u>NET POSITION - Beginning of Year</u>					3,030,199	4,466,276	7,496,475	0
<u>NET POSITION - End of Year</u>					\$ 3,178,532	\$ 4,353,683	\$ 7,532,215	\$ 4,487

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2024

	GENERAL FUND	MAJOR STREET FUND	LOCAL STREET FUND	ROADS AND RIGHT-OF- WAYS FUND	POLICE FUND	NON-MAJOR FUNDS	TOTALS
<u>ASSETS</u>							
Cash	\$ 635,551	\$ 464,364	\$ 156,391	\$ 164,432	\$ 0	\$ 812	\$1,421,550
Accounts Receivable	4,336	0	0	0	39,358	0	43,694
Due from Other Funds	35,802	0	0	0	0	0	35,802
Due from Other Governments	0	17,598	5,722	0	21,585	0	44,905
Prepaid Expenditures	8,351	0	0	0	0	0	8,351
TOTAL ASSETS	\$ 684,040	\$ 481,962	\$ 162,113	\$ 164,432	\$ 60,943	\$ 812	\$1,554,302
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 2,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,617
Due to Other Funds	856	0	0	0	35,802	0	36,658
Accrued Wages	3,588	0	0	0	6,666	0	10,254
Total Liabilities	7,061	0	0	0	42,468	0	49,529
<u>FUND BALANCE</u>							
Nonspendable, Prepaid Expenditures	8,351	0	0	0	0	0	8,351
Restricted for:							
Major Streets	0	481,962	0	0	0	0	481,962
Local Streets	0	0	162,113	0	0	0	162,113
Fire Protection and Equipment	0	0	0	0	0	750	750
Public Safety	0	0	0	0	18,475	0	18,475
Drug Law Enforcement	0	0	0	0	0	10	10
Roads and Right-of-Ways	0	0	0	164,432	0	0	164,432
Assigned for:							
Sidewalk Projects	0	0	0	0	0	52	52
Unassigned	668,628	0	0	0	0	0	668,628
Total Fund Balance	676,979	481,962	162,113	164,432	18,475	812	1,504,773
TOTAL LIABILITIES AND FUND BALANCE	\$ 684,040	\$ 481,962	\$ 162,113	\$ 164,432	\$ 60,943	\$ 812	\$1,554,302

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, 2024

Total Fund Balances for Governmental Funds	\$	1,504,773
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.		
Land	\$	146,348
Buildings		562,724
Improvements Other Than Buildings		499,837
Machinery and Equipment		446,070
Vehicles		268,693
Infrastructure		1,950,642
Accumulated Depreciation		<u>(2,005,961)</u>
		1,868,353
Long-term liabilities are not due and payable in the current period and are reported in the funds		
Installment Purchase Agreement		(178,025)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(4,672)
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>(11,897)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>3,178,532</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, 2024

	GENERAL FUND	MAJOR STREET FUND	LOCAL STREET FUND	ROADS AND RIGHT-OF- WAYS FUND	POLICE FUND	NON- MAJOR FUNDS	TOTALS
<u>REVENUES</u>							
Taxes	\$ 329,697	\$ 0	\$ 0	\$ 60,412	\$ 42,492	\$ 21,443	\$ 454,044
Licenses and Permits	13,771	0	0	0	0	0	13,771
State Grants	135,747	109,767	35,687	5,778	26,948	443	314,370
Charges for Services	65,372	0	0	0	74,458	0	139,830
Fines and Forfeitures	0	0	0	0	3,103	0	3,103
Interest and Rents	126,801	6,935	2,002	333	0	0	136,071
Other Revenue	3,783	0	0	0	65,090	0	68,873
Total Revenues	675,171	116,702	37,689	66,523	212,091	21,886	1,130,062
<u>EXPENDITURES</u>							
General Government	172,580	0	0	0	0	0	172,580
Public Safety	0	0	0	0	427,664	26,836	454,500
Public Works	123,992	23,582	12,492	52,577	0	0	212,643
Community and Economic Development	9,799	0	0	0	0	0	9,799
Recreation and Culture	23,286	0	0	0	0	0	23,286
Debt Service	0	13,332	5,990	0	0	0	19,322
Total Expenditures	329,657	36,914	18,482	52,577	427,664	26,836	892,130
Excess (Deficiency) of Revenues Over Expenditures	345,514	79,788	19,207	13,946	(215,573)	(4,950)	237,932
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In (Out)	(247,626)	(15,000)	15,000	0	227,677	4,949	(15,000)
Net Change in Fund Balance	97,888	64,788	34,207	13,946	12,104	(1)	222,932
FUND BALANCES - Beginning of Year	579,091	417,174	127,906	150,486	6,371	813	1,281,841
FUND BALANCES - End of Year	\$ 676,979	\$ 481,962	\$ 162,113	\$ 164,432	\$ 18,475	\$ 812	\$ 1,504,773

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, 2024

Net Change in Fund Balance - Total Governmental Funds \$ 222,932

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	(177,093)
Capital Outlay	128,548
Net Cost of Capital Assets Sold	(36,851)

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	5,006
Accrued Interest Payable - End of Year	(4,672)

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	12,713
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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	9,647
Compensated Absences - End of the Year	<u>(11,897)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 148,333</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, 2024

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>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 389,458	\$ 25,625	\$ 1,310	\$ 416,393
Accounts Receivable	54,925	102,097	0	157,022
Prepaid Expenses	12,493	12,768	0	25,261
Due From Other Funds	0	856	0	856
Total Current Assets	456,876	141,346	1,310	599,532
<u>NONCURRENT ASSETS</u>				
<u>RESTRICTED ASSETS</u>				
Cash	87,228	264,296	0	351,524
<u>CAPITAL ASSETS</u>				
Property, Plant and Equipment	3,489,588	5,989,917	0	9,479,505
Less Accumulated Depreciation	(1,859,800)	(2,635,598)	0	(4,495,398)
Net Capital Assets	1,629,788	3,354,319	0	4,984,107
Total Noncurrent Assets	1,717,016	3,618,615	0	5,335,631
TOTAL ASSETS	2,173,892	3,759,961	1,310	5,935,163
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accrued Interest	1,063	11,480	0	12,543
Current Portion of Long-Term Debt	23,000	36,000	0	59,000
Total Current Liabilities	24,063	47,480	0	71,543

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2024

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

	MAJOR FUNDS		NONMAJOR FUND	TOTALS
	WATER FUND	SEWER FUND	MARKET FUND	
<u>NONCURRENT LIABILITIES</u>				
Compensated Absences	1,112	825	0	1,937
Bonds Payable	255,000	1,312,000	0	1,567,000
Less Current Portion of Long-Term Debt	(23,000)	(36,000)	0	(59,000)
Total Noncurrent Liabilities	233,112	1,276,825	0	1,509,937
TOTAL LIABILITIES	257,175	1,324,305	0	1,581,480
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,374,788	2,042,319	0	3,417,107
Restricted for Debt Service	26,730	78,671	0	105,401
Restricted for Replacement, Repairs and Improvements	59,434	174,145	0	233,579
Unrestricted	455,765	140,521	1,310	597,596
TOTAL NET POSITION	\$ 1,916,717	\$ 2,435,656	\$ 1,310	\$ 4,353,683

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, 2024

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>OPERATING REVENUES</u>				
Charges for Services	\$ 223,306	\$ 409,755	\$ 285	\$ 633,346
<u>OPERATING EXPENSES</u>				
Salaries and Wages	19,692	10,696	0	30,388
FICA	1,427	776	0	2,203
Fringe Benefits	2,239	1,343	0	3,582
Administration	30,720	19,100	0	49,820
Health and Life Insurance	11,943	2,474	0	14,417
Office and Operating Supplies	26,615	18,355	0	44,970
Professional Services	6,901	5,566	0	12,467
Property and Liability Insurance	9,581	9,824	0	19,405
Workers Comp Insurance	969	969	0	1,938
Contracted Services	79,001	141,590	0	220,591
Repairs and Maintenance	364	89	0	453
Utilities	14,542	38,340	0	52,882
Telephone	1,423	2,527	0	3,950
Printing and Publishing	750	0	74	824
Equipment Rental	6,785	11,825	0	18,610
Miscellaneous	51	48	0	99
Education and Training	1,361	426	0	1,787
Membership and Subscriptions	1,088	553	0	1,641
Capital Outlay	11,227	37,262	0	48,489
Depreciation	68,354	121,821	0	190,175
Total Operating Expenses	295,033	423,584	74	718,691
Operating Income (Loss)	(71,727)	(13,829)	211	(85,345)
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Income	1,302	10,832	2	12,136
Other Revenue	0	0	0	0
Interest Expense	(13,758)	(40,626)	0	(54,384)
Total Nonoperating Revenues (Expenses)	(12,456)	(29,794)	2	(42,248)
Income (Loss) Before Contributions and Transfers	(84,183)	(43,623)	213	(127,593)
Interfund Transfers	15,000	0	0	15,000
Change in Net Position	(69,183)	(43,623)	213	(112,593)
<u>TOTAL NET POSITION - Beginning of Year</u>	1,985,900	2,479,279	1,097	4,466,276
<u>TOTAL NET POSITION - End of Year</u>	\$ 1,916,717	\$ 2,435,656	\$ 1,310	\$ 4,353,683

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, 2024

	BUSINESS-TYPE ACTIVITIES -			TOTALS
	ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	
	WATER FUND	SEWER FUND	MARKET FUND	
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 227,445	\$ 410,457	\$ 285	\$ 638,187
Cash Payments to Suppliers for Goods and Services	(160,658)	(279,323)	(74)	(440,055)
Cash Payments to Employees for Services	(67,774)	(36,461)	0	(104,235)
Net Cash Provided (Used) for Operating Activities	(987)	94,673	211	93,897
Cash Flows from Noncapital Financing Activities				
Cash Transfers Between Funds	15,000	0	0	15,000
Cash Flows from Capital and Related Financing Activities				
Principal and Interest on Capital Debt	(35,849)	(70,039)	0	(105,888)
Acquisition of Capital Assets	(35,192)	(172,254)	0	(207,446)
Net Cash Provided (Used) for Capital Financing Activities	(71,041)	(242,293)	0	(313,334)
Cash Flows from Investing Activities				
Interest Income	1,302	10,832	2	12,136
Net Increase (Decrease) in Cash and Cash Equivalents	(55,726)	(136,788)	213	(192,301)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>				
(Including \$560,240 in restricted accounts)	532,412	426,709	1,097	960,218
<u>CASH AND CASH EQUIVALENTS - End of Year</u>				
(Including \$351,524 in restricted accounts)	\$ 476,686	\$ 289,921	\$ 1,310	\$ 767,917

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, 2024

<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	MAJOR FUNDS		NONMAJOR FUND	TOTALS
	WATER FUND	SEWER FUND	MARKET FUND	
Operating Income (Loss)	\$ (71,727)	\$ (13,829)	\$ 211	\$ (85,345)
Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities				
Depreciation	68,354	121,821	0	190,175
(Increase) Decrease in Current Assets				
Accounts Receivable	4,139	702	0	4,841
Due from Other Funds	(2,331)	(2,363)	0	(4,694)
Increase (Decrease) in Current Liabilities				
Accounts Payable	0	(11,949)	0	(11,949)
Increase (Decrease) in in Long-Term Liabilities				
Compensated Absences	578	291	0	869
Total Adjustments	70,740	108,502	0	179,242
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (987)	\$ 94,673	\$ 211	\$ 93,897

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

CITY OF GRANT, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	<u>CUSTODIAL FUND 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><u> \$ 0</u></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, 2024

	CUSTODIAL FUND
	TAX
	COLLECTION
	FUND
<u>ADDITIONS</u>	
Property Taxes Collected	\$ 1,069,666
Miscellaneous	0
TOTAL ADDITIONS	1,069,666
<u>DEDUCTIONS</u>	
Property Taxes Distributed	1,069,666
Miscellaneous	0
TOTAL DEDUCTIONS	1,069,666
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.

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.

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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.

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.

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 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.

NOTES TO FINANCIAL STATEMENTS

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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

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 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

City operations. Amounts which are not expected to be collected within sixty days are treated as unavailable revenues.

The 2023 taxable valuation of the City of Grant totaled \$21,655,953, on which ad valorem taxes levied consisted of 11.9664 mills for general operating, 0.9893 mills for fire protection services, 2.7961 mills for roads, 0.9893 mills for public safety and 0.9893 mill for police services. These levies raised approximately \$259,000 for operating purposes, \$21,000 for fire protection, \$61,000 for roads, \$21,000 for public safety, and \$21,000 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. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2024, 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, 2024, \$1,495,018 of the City's bank balance of \$2,245,018 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2024, deposits of \$2,193,004 and petty cash of \$200, are reported on the financial statements as cash.

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

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government	Fiduciary Funds	Component Units	Reporting Entity
Cash	\$ 1,837,943	\$ 3,737	\$ 4,487	\$ 1,846,167
Cash - Restricted	351,524	0	0	351,524
	<u>\$ 2,189,467</u>	<u>\$ 3,737</u>	<u>\$ 4,487</u>	<u>\$ 2,197,691</u>

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.

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	Major Street Fund	Local Street Fund	Police Fund	Water Fund	Sewer Fund	Total
Accounts Receivable	\$ 4,336	\$ 0	\$ 0	\$ 39,358	\$ 54,925	\$ 102,097	\$ 200,716
Due from Other Governments	0	17,598	5,722	21,585	0	0	44,905
Total	<u>\$ 4,336</u>	<u>\$ 17,598</u>	<u>\$ 5,722</u>	<u>\$ 60,943</u>	<u>\$ 54,925</u>	<u>\$ 102,097</u>	<u>\$ 245,621</u>

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

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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	408,227	53,071	15,228	446,070
Vehicles	241,749	75,477	48,533	268,693
Infrastructure	1,950,642	0	0	1,950,642
Total Capital Assets, Being Depreciated	3,663,179	128,548	63,761	3,727,966
Less Accumulated Depreciation for:				
Buildings	223,725	14,157	0	237,882
Improvements other than buildings	203,708	20,663	0	224,371
Machinery and Equipment	277,507	34,540	11,946	300,101
Vehicles	111,025	20,045	14,964	116,106
Infrastructure	1,039,813	87,688	0	1,127,501
Total Accumulated Depreciation	1,855,778	177,093	26,910	2,005,961
Total Capital Assets, Being Depreciated, Net	1,807,401	(48,545)	36,851	1,722,005
Governmental Activities Capital Assets, Net	\$ 1,953,749	\$ (48,545)	\$ 36,851	\$ 1,868,353
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 11,892	\$ 161,745	\$ 0	\$ 173,637
Land	53,642	0	0	53,642
Total Capital Assets, Being Depreciated	65,534	161,745	0	227,279
Capital Assets, Being Depreciated				
Buildings	164,999	0	0	164,999
Machinery and Equipment	197,010	10,509	691	206,828
Improvements Other Than Buildings	8,845,207	35,192	0	8,880,399
Total Capital Assets, Being Depreciated	9,207,216	45,701	691	9,252,226
Less Accumulated Depreciation for:				
Buildings	111,587	1,909	0	113,496
Machinery and Equipment	204,410	9,004	691	212,723
Improvements Other Than Buildings	3,989,917	179,262	0	4,169,179
Total Accumulated Depreciation	4,305,914	190,175	691	4,495,398
Total Capital Assets, Being Depreciated, Net	4,901,302	(144,474)	0	4,756,828
Business-Type Activities Capital Assets, Net	\$ 4,966,836	\$ 17,271	\$ 0	\$ 4,984,107

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

Governmental Activities:		
General Government	\$	43,988
Public Safety		20,509
Public Works, Including Depreciation of General Infrastructure Assets		100,861
Recreation and Culture		11,735
Total Depreciation Expense - Governmental Activities	\$	177,093
Business-Type Activities:		
Water Fund	\$	68,354
Sewer Fund		121,821
Total Depreciation Expense - Business-Type Activities	\$	190,175

D. Interfund Receivables, Payables and Transfers

Individual fund interfund balances as of June 30, 2024, are as follows:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 856
General Fund	Police Fund	35,802
		\$ 36,658

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, 2024, are expected to be repaid within one year.

Individual fund transfers at June 30, 2024, were:

Funds Transferred To	Funds Transferred From	Amount
Water Fund	General Fund	\$ 15,000
Police Fund	General Fund	227,677
Fire Fund	General Fund	4,949
Local Street Fund	Major Street Fund	15,000
		\$ 262,626

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024:

	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS			COMPENSATED ABSENCES	TOTAL
	BONDS				
Obligations Payable at July 1, 2023	\$ 1,624,000	\$ 190,738	\$ 10,715	\$ 1,825,453	
New Obligations Incurred	0	0	3,119	3,119	
Obligations Retired	(57,000)	(12,713)	0	(69,713)	
Obligations Payable at June 30, 2024	\$ 1,567,000	\$ 178,025	\$ 13,834	\$ 1,758,859	
Due within one year	\$ 59,000	\$ 12,713	Unknown	\$ 71,713	

Obligations payable at June 30, 2024, is comprised of the following individual issues:

Bonds:

\$586,000 Water Revenue Bonds, Series 1994 bonds, due in annual installments of \$23,000 to \$27,000 through June 1, 2034; plus interest at 5.00% \$ 255,000

\$1,722,000 Sewer System Revenue Bonds, Series 2009 Bonds in annual installments of \$36,000 to \$68,000 through September 1, 2049; plus interest at 2.625% 1,312,000

Notes From Direct Borrowings and Direct Placements

Due in annual installments of \$12,713 through December 31, 2037, interest at 3.5% 178,025

Compensated Absences:

Accumulated sick and vacation pay owed to City employees 13,834

\$ 1,758,859

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

The annual requirements to amortize these obligations outstanding other than compensated absences as of June 30, 2024, including interest payments of \$636,221, are as follows:

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES BONDS	TOTAL
	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS			
2025				
PRINCIPAL	\$ 12,713		\$ 59,000	\$ 71,713
INTEREST	6,229		46,718	52,947
TOTAL	18,942		105,718	124,660
2026				
PRINCIPAL	12,713		61,000	73,713
INTEREST	5,784		44,610	50,394
TOTAL	18,497		105,610	124,107
2027				
PRINCIPAL	12,713		63,000	75,713
INTEREST	5,339		42,425	47,764
TOTAL	18,052		105,425	123,477
2028				
PRINCIPAL	12,713		64,000	76,713
INTEREST	4,894		40,164	45,058
TOTAL	17,607		104,164	121,771
2029				
PRINCIPAL	12,713		65,000	77,713
INTEREST	4,449		37,877	42,326
TOTAL	17,162		102,877	120,039
2030-2034				
PRINCIPAL	63,565		348,000	411,565
INTEREST	15,573		153,516	169,089
TOTAL	79,138		501,516	580,654
2035-2039				
PRINCIPAL	50,895		243,000	293,895
INTEREST	24,641		103,438	128,079
TOTAL	75,536		346,438	421,974
2040-2044				
PRINCIPAL	0		277,000	277,000
INTEREST	0		69,314	69,314
TOTAL	0		346,314	346,314
2045-2049				
PRINCIPAL	0		319,000	319,000
INTEREST	0		30,358	30,358
TOTAL	0		349,358	349,358

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

YEAR ENDING JUNE 30,	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>2050-2054</u>	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	BONDS	
PRINCIPAL	0	68,000	68,000
INTEREST	0	892	892
TOTAL	0	68,892	68,892
PRINCIPAL	178,025	1,567,000	1,745,025
INTEREST	66,909	569,312	636,221
TOTAL	\$ 244,934	\$ 2,136,312	\$ 2,381,246

Interest expense for the year ended June 30, 2024 was approximately \$60,659.

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 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, 2024, the City contributed \$15,828 to the plan. Employees voluntarily deferred an additional \$11,809 to their individual plans. Covered wages for the year were approximately \$263,792, while total wages were approximately \$377,515. 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, 2024, 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 pool. 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, 2024, the Fremont Area Community Foundation holds endowment funds for the City of Grant in the amount of \$75,811.

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.

Prior to June 30, 2024, the City has 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.

G. Subsequent Events

Subsequent to year end the City has been approved for a grant for upgrades to the community center to improve the kitchen and dining areas to serve senior meals. The State of Michigan has awarded the City a grant of \$250,000 and the Fremont Area Community Foundation has pledged the City \$60,000 toward the project. The project is looking to break ground sometime during the 2024-25 fiscal year.

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

IV. UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within the 12 months of the date the financial statements are

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements-or modifies existing requirements-related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	GENERAL FUND				MAJOR STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES								
Taxes	\$ 313,900	\$ 329,510	\$ 329,697	\$ 187	\$ 0	\$ 0	\$ 0	\$ 0
Licenses and Permits	15,000	14,110	13,771	(339)	0	0	0	0
Federal Grants	50,000	0	0	0	0	0	0	0
State Grants	129,900	134,874	135,747	873	100,000	111,000	109,767	(1,233)
Charges for Services	63,252	65,172	65,372	200	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0	0	0
Interest and Rents	65,317	108,360	126,801	18,441	1,000	5,650	6,935	1,285
Other Revenue	4,750	3,750	3,783	33	0	0	0	0
Total Revenues	642,119	655,776	675,171	19,395	101,000	116,650	116,702	52
EXPENDITURES								
General Government								
Mayor and City Council	10,890	9,590	8,497	(1,093)	0	0	0	0
Manager	80,200	80,482	76,651	(3,831)	0	0	0	0
Clerk	3,450	2,950	2,237	(713)	0	0	0	0
Board of Review	1,465	1,465	1,160	(305)	0	0	0	0
Treasurer	35,927	36,212	35,187	(1,025)	0	0	0	0
Assessor	11,000	11,788	11,775	(13)	0	0	0	0
Elections	5,726	7,476	7,340	(136)	0	0	0	0
City Hall	7,200	12,025	11,767	(258)	0	0	0	0
Community Building	11,050	12,075	11,407	(668)	0	0	0	0
Other General Government	6,750	6,750	6,559	(191)	0	0	0	0
Public Safety								
Police Department	0	0	0	0	0	0	0	0
Public Works								
Drains	600	600	360	(240)	0	0	0	0
Department of Public Works	197,442	124,780	116,360	(8,420)	0	0	0	0
Highways, Streets and Bridges	0	0	0	0	0	0	0	0
Cemetery	6,183	7,920	7,272	(648)	0	0	0	0
Street Department	0	0	0	0	34,494	39,474	23,582	(15,892)
Community and Economic Development								
Planning Commission	438	438	0	(438)	0	0	0	0
Economic Development	10,500	10,085	9,799	(286)	0	0	0	0
Recreation and Culture								
Parks and Recreation	19,760	24,360	23,286	(1,074)	0	0	0	0
Debt Service								
Principal	0	0	0	0	8,743	8,773	8,772	(1)
Interest	0	0	0	0	3,929	4,560	4,560	0
Total Expenditures	408,581	348,996	329,657	(19,339)	47,166	52,807	36,914	(15,893)
Excess (Deficiency) of Revenues								
Over Expenditures	233,538	306,780	345,514	38,734	53,834	63,843	79,788	15,945
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	(196,861)	(247,629)	(247,626)	3	0	(15,000)	(15,000)	0
Net Change in Fund Balance	36,677	59,151	97,888	38,737	53,834	48,843	64,788	15,945
FUND BALANCE - Beginning of Year	579,090	579,090	579,091	1	417,174	417,174	417,174	0
FUND BALANCE - End of Year	\$ 615,767	\$ 638,241	\$ 676,979	\$ 38,738	\$ 471,008	\$ 466,017	\$ 481,962	\$ 15,945

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	LOCAL STREET FUND				ROADS AND RIGHT-OF-WAY FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES								
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,500	\$ 60,500	\$ 60,412	\$ (88)
Licenses and Permits	0	0	0	0	0	0	0	0
Federal Grants	0	0	0	0	0	0	0	0
State Grants	33,500	36,000	35,687	(313)	4,200	5,700	5,778	78
Charges for Services	0	0	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0	0	0
Interest and Rents	500	1,600	2,002	402	100	200	333	133
Other Revenue	0	0	0	0	0	0	0	0
Total Revenues	34,000	37,600	37,689	89	64,800	66,400	66,523	123
EXPENDITURES								
General Government								
Mayor and City Council Manager	0	0	0	0	0	0	0	0
Clerk	0	0	0	0	0	0	0	0
Board of Review	0	0	0	0	0	0	0	0
Treasurer	0	0	0	0	0	0	0	0
Assessor	0	0	0	0	0	0	0	0
Elections	0	0	0	0	0	0	0	0
City Hall	0	0	0	0	0	0	0	0
Community Building	0	0	0	0	0	0	0	0
Other General Government	0	0	0	0	0	0	0	0
Public Safety								
Police Department	0	0	0	0	0	0	0	0
Public Works								
Drains	0	0	0	0	0	0	0	0
Department of Public Works	0	0	0	0	0	0	0	0
Highways, Streets and Bridges	0	0	0	0	57,890	53,590	52,577	(1,013)
Cemetery	0	0	0	0	0	0	0	0
Street Department	17,510	20,102	12,492	(7,610)	0	0	0	0
Community and Economic Development								
Planning Commission	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0
Recreation and Culture								
Parks and Recreation	0	0	0	0	0	0	0	0
Debt Service								
Principal	4,896	3,942	3,941	(1)	0	0	0	0
Interest	2,200	2,050	2,049	(1)	0	0	0	0
Total Expenditures	24,606	26,094	18,482	(7,612)	57,890	53,590	52,577	(1,013)
Excess (Deficiency) of Revenues Over Expenditures	9,394	11,506	19,207	7,701	6,910	12,810	13,946	1,136
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	0	15,000	15,000	0	0	0	0	0
Net Change in Fund Balance	9,394	26,506	34,207	7,701	6,910	12,810	13,946	1,136
FUND BALANCE - Beginning of Year	127,905	127,905	127,906	1	150,486	150,486	150,486	0
FUND BALANCE - End of Year	\$ 137,299	\$ 154,411	\$ 162,113	\$ 7,702	\$ 157,396	\$ 163,296	\$ 164,432	\$ 1,136

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	POLICE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>				
Taxes	\$ 42,800	\$ 42,800	\$ 42,492	\$ (308)
Licenses and Permits	0	0	0	0
Federal Grants	0	0	0	0
State Grants	2,716	20,856	26,948	6,092
Charges for Services	78,000	75,375	74,458	(917)
Fines and Forfeitures	2,000	2,740	3,103	363
Interest and Rents	0	0	0	0
Other Revenue	0	64,472	65,090	618
Total Revenues	125,516	206,243	212,091	5,848
<u>EXPENDITURES</u>				
General Government				
Mayor and City Council	0	0	0	0
Manager	0	0	0	0
Clerk	0	0	0	0
Board of Review	0	0	0	0
Treasurer	0	0	0	0
Assessor	0	0	0	0
Elections	0	0	0	0
City Hall	0	0	0	0
Community Building	0	0	0	0
Other General Government	0	0	0	0
Public Safety				
Police Department	317,381	429,236	427,664	(1,572)
Public Works				
Drains	0	0	0	0
Department of Public Works	0	0	0	0
Highways, Streets and Bridges	0	0	0	0
Cemetery	0	0	0	0
Street Department	0	0	0	0
Community and Economic Development				
Planning Commission	0	0	0	0
Economic Development	0	0	0	0
Recreation and Culture				
Parks and Recreation	0	0	0	0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Total Expenditures	317,381	429,236	427,664	(1,572)
Excess (Deficiency) of Revenues Over Expenditures	(191,865)	(222,993)	(215,573)	7,420
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	191,865	227,677	227,677	0
Net Change in Fund Balance	0	4,684	12,104	7,420
<u>FUND BALANCE</u> - Beginning of Year	6,371	6,371	6,371	0
<u>FUND BALANCE</u> - End of Year	\$ 6,371	\$ 11,055	\$ 18,475	\$ 7,420

CITY OF GRANT, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2024

	SPECIAL REVENUE FUNDS			
	FIRE	SIDEWALK	DRUG LAW ENFORCEMENT	TOTALS
<u>ASSETS</u>				
Cash	\$ 750	\$ 52	\$ 10	\$ 812
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Restricted for:				
Fire Protection and Equipment	750	0	0	750
Drug Law Enforcement	0	0	10	10
Assigned for:				
Sidewalk Projects	0	52	0	52
Total Fund Balance	750	52	10	812
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 750	\$ 52	\$ 10	\$ 812

CITY OF GRANT, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS			
	FIRE	SIDEWALK	DRUG LAW ENFORCEMENT	TOTALS
<u>REVENUES</u>				
Taxes	\$ 21,443	\$ 0	\$ 0	\$ 21,443
State Grants	443	0	0	443
Total Revenues	21,886	0	0	21,886
<u>EXPENDITURES</u>				
Public Safety	26,836	0	0	26,836
Excess (Deficiency) of Revenues Over Expenditures	(4,950)	0	0	(4,950)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In General Fund	4,949	0	0	4,949
Net Change in Fund Balance	(1)	0	0	(1)
<u>FUND BALANCE</u> - Beginning of Year	751	52	10	813
<u>FUND BALANCE</u> - End of Year	\$ 750	\$ 52	\$ 10	\$ 812

CITY OF GRANT, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2024	2023
<u>ASSETS</u>		
Cash	\$ 635,551	\$ 500,377
Accounts Receivable	4,336	5,846
Due from Other Funds	35,802	30,188
Due from Other Governments	0	50,000
Prepaid Expenditures	8,351	6,516
	\$ 684,040	\$ 592,927
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,617	\$ 9,588
Due to Other Funds	856	856
Accrued Wages	3,588	3,392
Unearned Revenue	0	0
	7,061	13,836
 <u>FUND BALANCE</u>		
Nonspendable, Prepaid Expenditures	8,351	6,516
Unassigned	668,628	572,575
	676,979	579,091
	\$ 684,040	\$ 592,927

CITY OF GRANT, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Taxes	\$ 329,510	\$ 329,697	\$ 301,566
Licenses and Permits	14,110	13,771	14,892
Federal Grants	0	0	92,898
State Grants	134,874	135,747	186,363
Charges for Services	65,172	65,372	60,270
Interest and Rents	108,360	126,801	96,169
Other Revenue	3,750	3,783	1,693
Total Revenues	655,776	675,171	753,851
<u>EXPENDITURES</u>			
General Government	180,813	172,580	169,698
Public Works	133,300	123,992	112,493
Community and Economic Development	10,523	9,799	51,500
Recreation and Culture	24,360	23,286	11,337
Total Expenditures	348,996	329,657	345,028
Excess (Deficiency) of Revenues Over Expenditures	306,780	345,514	408,823
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(247,629)	(247,626)	(193,101)
Net Change in Fund Balance	59,151	97,888	215,722
<u>FUND BALANCE</u> - Beginning of Year	579,090	579,091	363,369
<u>FUND BALANCE</u> - End of Year	\$ 638,241	\$ 676,979	\$ 579,091

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>		<u>2023</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>TAXES</u>			
Current and Delinquent Taxes	\$ 257,000	\$ 257,008	\$ 238,180
MRE Tax	59,260	59,261	51,883
Penalties and Interest	2,700	2,844	1,809
Property Tax Administration Fee	10,550	10,584	9,694
	<hr/>		
Total Taxes	329,510	329,697	301,566
	<hr/>		
<u>LICENSES AND PERMITS</u>			
Franchise Fees	7,930	7,571	8,852
Business Licenses and Permits	6,180	6,200	6,040
	<hr/>		
Total Licenses and Permits	14,110	13,771	14,892
	<hr/>		
<u>FEDERAL GRANTS</u>			
Other Federal Grants	0	0	92,898
	<hr/>		
<u>STATE GRANTS</u>			
Sales and Use Tax	129,574	130,165	131,001
Small Taxpayer Loss Reimbursement	5,300	5,362	5,362
Other State Grants	0	220	50,000
	<hr/>		
Total State Grants	134,874	135,747	186,363
	<hr/>		
<u>CHARGES FOR SERVICES</u>			
Cemetery Lot Sales	0	400	1,800
Cemetery Burials	4,050	4,050	3,000
Zoning Fees	250	50	140
Administration	60,872	60,872	55,330
	<hr/>		
Total Charges for Services	65,172	65,372	60,270
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CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>		<u>2023</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INTEREST AND RENTS</u>			
Interest	20,002	32,783	11,102
Rent (Community Building and Equipment)	53,000	58,658	49,312
Land Lease	10,315	10,316	10,316
Water Tower Lease	25,043	25,044	25,439
	<hr/>		
Total Interest and Rents	108,360	126,801	96,169
	<hr/>		
<u>OTHER REVENUE</u>			
Private Donations	750	850	750
Refunds and Rebates	250	35	0
Other Revenue	2,750	2,898	943
	<hr/>		
Total Other Revenue	3,750	3,783	1,693
	<hr/>		
Total Revenues	655,776	675,171	753,851
	<hr/>		
<u>OTHER FINANCING SOURCES</u>			
Sale of Capital Assets	0	0	0
	<hr/>		
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 655,776	\$ 675,171	\$ 753,851
	<hr/> <hr/>		

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023	
	BUDGET	ACTUAL	ACTUAL	
<u>GENERAL GOVERNMENT</u>				
Mayor and City Council				
Salaries and Wages	\$ 5,500	\$ 5,125	\$ 5,500	
Social Security Tax	460	392	421	
Office and Operating Supplies	250	160	188	
Transportation	200	0	0	
Professional Services	400	296	307	
Credit Card and Banking Fees	85	33	87	
Printing and Publishing	500	302	126	
Membership and Dues	975	1,059	1,022	
Telephone and Internet	720	720	720	
Miscellaneous	500	410	439	
	<u>9,590</u>	<u>8,497</u>	<u>8,810</u>	
Manager				
Salaries and Wages	59,577	59,726	56,572	
Social Security Tax	4,558	4,212	3,977	
Fringes	7,572	7,332	6,769	
Office and Operating Supplies	400	365	412	
Contracted Services	3,000	211	266	
Professional Services	1,250	849	697	
Membership and Dues	825	742	425	
Telephone and Internet	2,000	1,818	2,055	
Transportation	200	181	0	
Professional Development	900	994	852	
Miscellaneous	200	221	103	
	<u>80,482</u>	<u>76,651</u>	<u>72,128</u>	
Clerk				
Office and Operating Supplies	600	276	305	
Contracted Services	300	105	159	
Professional Services	900	980	919	
Telephone and Internet	950	869	1,106	
Printing and Publishing	100	0	0	
Miscellaneous	100	7	7	
	<u>2,950</u>	<u>2,237</u>	<u>2,496</u>	
Board of Review				
Salaries and Wages	850	799	616	
Social Security Tax	65	61	47	
Printing and Publishing	300	300	300	
Professional Development	200	0	0	
Miscellaneous	50	0	86	
	<u>1,465</u>	<u>1,160</u>	<u>1,049</u>	

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023
	BUDGET	ACTUAL	ACTUAL
Treasurer			
Salaries and Wages	27,972	28,249	26,223
Social Security Tax	2,121	1,772	1,800
Fringes	120	144	55
Office and Operating Supplies	550	614	499
Professional Services	1,250	1,161	1,099
Contracted Services	2,325	2,244	2,259
Membership and Dues	200	99	99
Telephone and Internet	924	869	1,106
Printing and Publishing	50	0	0
Transportation	200	0	21
Professional Development	400	0	0
Miscellaneous	100	35	14
	<u>36,212</u>	<u>35,187</u>	<u>33,175</u>
Assessor			
Social Security Tax	100	77	0
Contracted Services	11,500	11,510	9,827
Office Supplies	51	51	0
Printing and Publishing	137	137	0
	<u>11,788</u>	<u>11,775</u>	<u>9,827</u>
Elections			
Salaries and Wages	2,300	2,331	1,891
Social Security Tax	176	176	141
Office and Operating Supplies	1,750	1,753	163
Contracted Services	2,300	2,292	660
Printing and Publishing	500	749	0
Transportation	200	39	0
Professional Development	250	0	0
	<u>7,476</u>	<u>7,340</u>	<u>2,855</u>
City Hall			
Salaries and Wages	2,250	2,125	1,828
Social Security Tax	175	158	139
Operating Supplies	400	239	329
Professional Services	0	173	0
Utilities	4,000	4,035	3,802
Repairs and Maintenance	5,000	5,005	427
Equipment Rental	150	0	233
Miscellaneous	50	32	30
	<u>12,025</u>	<u>11,767</u>	<u>6,788</u>

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023
	BUDGET	ACTUAL	ACTUAL
Community Building			
Salaries and Wages	1,600	1,835	1,297
Social Security Tax	125	141	96
Operating and Maintenance Supplies	1,500	1,487	1,471
Contracted Services	300	384	2,070
Utilities	6,800	6,803	6,902
Repairs and Maintenance	1,000	157	240
Equipment Rental	50	0	24
Miscellaneous	100	0	145
Capital Outlay	600	0	14,000
Refunds	0	600	0
	<u>12,075</u>	<u>11,407</u>	<u>26,245</u>
Other General Government			
Workers' Compensation	1,050	969	911
Property and Liability Insurance	5,700	5,590	5,414
	<u>6,750</u>	<u>6,559</u>	<u>6,325</u>
Total General Government	<u>180,813</u>	<u>172,580</u>	<u>169,698</u>
<u>PUBLIC WORKS</u>			
Drains	600	360	393
Department of Public Works			
Salaries and Wages	56,000	58,086	48,898
Social Security Tax	4,300	4,337	3,640
Fringes	6,180	5,156	3,329
Office and Operating Supplies	6,400	5,544	6,963
Professional Services	1,750	1,403	1,256
Contracted Services	4,500	3,848	3,260
Telephone and Internet	1,050	824	912
Uniforms	500	598	100
Utilities	1,200	1,367	1,588
Gas and Oil	7,000	4,193	11,548
Membership and Dues	150	45	45
Printing and Publishing	0	180	90
Professional Development	500	0	75
Repairs and Maintenance	8,000	8,026	6,028
Equipment Rental	1,000	0	0
Transportation	250	0	179
Miscellaneous	250	35	67
Capital Outlay	25,750	22,718	10,140
	<u>124,780</u>	<u>116,360</u>	<u>98,118</u>

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023
	BUDGET	ACTUAL	ACTUAL
Cemetery			
Salaries and Wages	5,500	5,123	5,282
Social Security Tax	420	393	400
Operating and Maintenance Supplies	1,400	1,356	3,580
Contracted Services	400	400	1,320
Equipment Rental	200	0	250
Capital Outlay	0	0	3,150
	<u>7,920</u>	<u>7,272</u>	<u>13,982</u>
Total Public Works	<u>133,300</u>	<u>123,992</u>	<u>112,493</u>
<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
	<u>438</u>	<u>0</u>	<u>0</u>
Economic Development			
Contracted Services	3,885	3,885	46,000
Membership and Dues	5,500	5,500	5,500
Community Promotion	700	414	0
	<u>10,085</u>	<u>9,799</u>	<u>51,500</u>
Total Community and Economic Development	<u>10,523</u>	<u>9,799</u>	<u>51,500</u>
<u>RECREATION AND CULTURE</u>			
Parks and Recreation			
Salaries and Wages	6,000	5,563	4,510
Social Security Tax	460	427	346
Operating and Maintenance Supplies	1,000	855	1,934
Contracted Services	15,250	15,953	2,834
Equipment Rental	750	0	1,084
Utilities	650	488	629
Miscellaneous	250	0	0
Total Recreation and Culture	<u>24,360</u>	<u>23,286</u>	<u>11,337</u>
Total Expenditures	<u>348,996</u>	<u>329,657</u>	<u>345,028</u>

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2023

	2024		2023
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING USES</u>			
Transfers Out			
Water Fund	15,000	15,000	10,000
Police Fund	227,677	227,677	178,592
Fire Fund	4,952	4,949	4,509
Total Other Financing Uses	247,629	247,626	193,101
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 596,625	\$ 577,283	\$ 538,129

CITY OF GRANT, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF NET POSITION

JUNE 30,

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 389,458	\$ 393,725
Accounts Receivable	54,925	59,064
Prepaid Expenses	12,493	10,162
Total Current Assets	456,876	462,951
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	87,228	138,687
<u>CAPITAL ASSETS</u>		
Property, Plant and Equipment	3,489,588	3,454,396
Less Accumulated Depreciation	(1,859,800)	(1,791,446)
Net Capital Assets	1,629,788	1,662,950
Total Noncurrent Assets	1,717,016	1,801,637
TOTAL ASSETS	2,173,892	2,264,588
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accrued Interest	1,063	1,154
Current Portion of Long-Term Debt	23,000	22,000
Total Current Liabilities	24,063	23,154
<u>LONG-TERM LIABILITIES</u>		
Compensated Absences	1,112	534
Bonds Payable	255,000	277,000
Less Current Portion of Long-Term Debt	(23,000)	(22,000)
Total Long-Term Debt	233,112	255,534
TOTAL LIABILITIES	257,175	278,688
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,374,788	1,385,950
Restricted for Debt Service	26,730	26,371
Restricted for Replacement, Repairs and Improvements	59,434	111,162
Unrestricted	455,765	462,417
TOTAL NET POSITION	\$ 1,916,717	\$ 1,985,900

CITY OF GRANT, MICHIGAN

WATER FUND

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

	<u>2024</u>	<u>2023</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 223,306	\$ 213,373
<u>OPERATING EXPENSES</u>		
Salaries and Wages	19,692	15,722
FICA	1,427	1,180
Fringe Benefits	2,239	2,108
Administration	30,720	28,922
Health and Life Insurance	11,943	9,180
Office and Operating Supplies	26,615	10,712
Professional Services	6,901	9,466
Property and Liability Insurance	9,581	9,290
Workers Comp Insurance	969	911
Contracted Services	79,001	51,650
Repairs and Maintenance	364	147
Utilities	14,542	16,113
Telephone	1,423	1,511
Printing and Publishing	750	725
Equipment Rental	6,785	3,064
Miscellaneous	51	370
Education and Training	1,361	755
Membership and Subscriptions	1,088	1,067
Capital Outlay	11,227	0
Depreciation	68,354	68,295
Total Operating Expenses	<u>295,033</u>	<u>231,188</u>
Operating Income (Loss)	<u>(71,727)</u>	<u>(17,815)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	1,302	1,023
Other Revenue	0	951
Interest Expense	(13,758)	(14,772)
Total Nonoperating Revenues (Expenses)	<u>(12,456)</u>	<u>(12,798)</u>
Income (Loss) Before Contributions and Transfers	(84,183)	(30,613)
Interfund Transfers	<u>15,000</u>	<u>10,000</u>
Change in Net Position	(69,183)	(20,613)
<u>TOTAL NET POSITION</u> - Beginning of Year	<u>1,985,900</u>	<u>2,006,513</u>
<u>TOTAL NET POSITION</u> - End of Year	<u>\$ 1,916,717</u>	<u>\$ 1,985,900</u>

CITY OF GRANT, MICHIGAN
WATER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2024	2023
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 227,445	\$ 207,579
Cash Payments to Suppliers for Goods and Services	(160,658)	(106,891)
Cash Payments to Employees for Services	(67,774)	(57,509)
Net Cash Provided (Used) for Operating Activities	(987)	43,179
Cash Flows from Noncapital Financing Activities		
Cash Transfers Between Funds	15,000	10,000
Other Revenue Received	0	951
Net Cash Provided (Used) for Noncapital Financing Activities	15,000	10,951
Cash Flows from Capital and Related Financing Activities		
Principal and Interest on Capital Debt	(35,849)	(35,860)
Acquisition of Capital Assets	(35,192)	0
Net Cash Provided (Used) for Capital and Related Financing Activities	(71,041)	(35,860)
Cash Flows from Investing Activities		
Interest Income	1,302	1,023
Net Increase (Decrease) in Cash and Cash Equivalents	(55,726)	19,293
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>		
(Including \$138,687 in restricted accounts)	532,412	513,119
<u>CASH AND CASH EQUIVALENTS - End of Year</u>		
(Including \$87,228 in restricted accounts)	\$ 476,686	\$ 532,412
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (71,727)	\$ (17,815)
Adjustments to reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	68,354	68,295
(Increase) Decrease in Current Assets		
Accounts Receivable	4,139	(5,794)
Prepaid Expenses	(2,331)	(412)
Increase (Decrease) in Current Liabilities		
Accounts Payable	0	(1,110)
Increase (Decrease) in Long-Term Liabilities		
Compensated Absences	578	15
Total Adjustments	70,740	60,994
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (987)	\$ 43,179

CITY OF GRANT, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF NET POSITION

JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 25,625	\$ 5,156
Accounts Receivable	102,097	102,799
Prepaid Expenses	12,768	10,405
Due From Other Funds	856	856
	<hr/>	<hr/>
Total Current Assets	141,346	119,216
<u>NONCURRENT ASSETS</u>		
<u>RESTRICTED ASSETS</u>		
Cash	264,296	421,553
	<hr/>	<hr/>
<u>CAPITAL ASSETS</u>		
Property, Plant and Equipment	5,989,917	5,818,354
Less Accumulated Depreciation	(2,635,598)	(2,514,468)
	<hr/>	<hr/>
Net Capital Assets	3,354,319	3,303,886
	<hr/>	<hr/>
Total Noncurrent Assets	3,618,615	3,725,439
	<hr/>	<hr/>
TOTAL ASSETS	3,759,961	3,844,655
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	0	11,949
Accrued Interest	11,480	5,893
Current Portion of Long-Term Debt	36,000	35,000
	<hr/>	<hr/>
Total Current Liabilities	47,480	52,842
<u>LONG-TERM LIABILITIES</u>		
Compensated Absences	825	534
Bonds Payable	1,312,000	1,347,000
Less Current Portion of Long-Term Debt	(36,000)	(35,000)
	<hr/>	<hr/>
Total Long-Term Liabilities	1,276,825	1,312,534
	<hr/>	<hr/>
TOTAL LIABILITIES	1,324,305	1,365,376
<u>NET POSITION</u>		
Net Investment in Capital Assets	2,042,319	1,956,886
Restricted for Debt Service	78,671	84,168
Restricted for Repairs, Replacement and Improvements	174,145	331,492
Unrestricted	140,521	106,733
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 2,435,656	\$ 2,479,279
	<hr/>	<hr/>

CITY OF GRANT, MICHIGAN
SEWER FUND

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

	2024	2023
<u>OPERATING REVENUES</u>		
Charges for Services and Connection Fees	\$ 409,755	\$ 402,350
<u>OPERATING EXPENSES</u>		
Salaries and Wages	10,696	4,433
FICA	776	332
Fringe Benefits	1,343	1,266
Administration	19,100	17,622
Health and Life Insurance	2,474	1,836
Office and Operating Supplies	18,355	30,028
Professional Services	5,566	5,987
Property and Liability Insurance	9,824	9,525
Workers Comp Insurance	969	911
Contracted Services	141,590	141,244
Repairs and Maintenance	89	446
Utilities	38,340	37,989
Telephone	2,527	2,489
Printing and Publishing	0	1,200
Equipment Rental	11,825	1,280
Education and Training	426	0
Miscellaneous	48	172
Memberships and Dues	553	547
Capital Outlay	37,262	51,506
Depreciation	121,821	121,383
Total Operating Expenses	423,584	430,196
Operating Income (Loss)	(13,829)	(27,846)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	10,832	7,175
Other Revenue	0	216
Interest Expense	(40,626)	(35,656)
Total Nonoperating Revenues (Expenses)	(29,794)	(28,265)
Change in Net Position	(43,623)	(56,111)
<u>TOTAL NET POSITION - Beginning of Year</u>	2,479,279	2,535,390
<u>TOTAL NET POSITION - End of Year</u>	\$ 2,435,656	\$ 2,479,279

CITY OF GRANT, MICHIGAN
SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 410,457	\$ 393,370
Cash Payments to Suppliers for Goods and Services	(279,323)	(276,104)
Cash Payments to Employees for Services	(36,461)	(25,894)
Net Cash Provided (Used) for Operating Activities	<u>94,673</u>	<u>91,372</u>
Cash Flows from Noncapital Financing Activities		
Other Revenue Received	<u>0</u>	<u>216</u>
Net Cash Provided (Used) for Noncapital Financing Activities	<u>0</u>	<u>216</u>
Cash Flows from Capital and Related Financing Activities		
Principal and Interest on Capital Debt	(70,039)	(69,805)
Acquisition of Capital Assets	(172,254)	(11,892)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(242,293)</u>	<u>(81,697)</u>
Cash Flows from Investing Activities		
Interest Income	<u>10,832</u>	<u>7,175</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(136,788)</u>	<u>17,066</u>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u> (Including \$421,553 in restricted accounts)	<u>426,709</u>	<u>409,643</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u> (Including \$264,296 in restricted accounts)	<u>\$ 289,921</u>	<u>\$ 426,709</u>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	<u>\$ (13,829)</u>	<u>\$ (27,846)</u>
Adjustments to reconcile Operating Income		
To Net Cash Provided by Operating Activities		
Depreciation	121,821	121,383
(Increase) Decrease in Current Assets		
Accounts Receivable	702	(8,980)
Prepaid Expenses	(2,363)	(420)
Increase (Decrease) in Current Liabilities		
Accounts Payable	(11,949)	7,220
Increase (Decrease) In Long-Term Liabilities		
Compensated Absences	<u>291</u>	<u>15</u>
Total Adjustments	<u>108,502</u>	<u>119,218</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 94,673</u>	<u>\$ 91,372</u>

CITY OF GRANT, MICHIGAN
COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 4,487	\$ 0
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unassigned	4,487	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,487	\$ 0

There are no reconciling items from the Balance Sheet to the Statement of Net Position.

CITY OF GRANT, MICHIGAN
COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND

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

	2024	2023
<u>REVENUES</u>		
Taxes	\$ 4,479	\$ 0
Interest	8	0
Total Revenues	4,487	0
<u>EXPENDITURES</u>		
Community and Economic Development	0	0
Excess (Deficiency) of Revenues Over Expenditures	4,487	0
<u>FUND BALANCE</u> - Beginning of Year	0	0
<u>FUND BALANCE</u> - End of Year	\$ 4,487	\$ 0

There are no reconciling items from the Schedule of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.

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, 2024, 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 31, 2024.

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 31, 2024

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, 2024. 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 September 16, 2024. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2023-2024. 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 31, 2024.

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, 2024, we noted the following item which we feel deserves 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.

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 31, 2024