



CITY OF GRANT, MICHIGAN

JUNE 30, 2025

REPORT OF EXAMINATION

CITY OF GRANT, MICHIGAN

JUNE 30, 2025

TABLE OF CONTENTS

| | <u>PAGES</u> |
|---|--------------|
| Independent Auditor's Report | 1-3 |
| Management's Discussion and Analysis | 4-12 |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 13-14 |
| Statement of Activities | 15 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 16 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | 19 |
| Proprietary Funds | |
| Statement of Net Position | 20-21 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | 22 |
| Statement of Cash Flows | 23-24 |
| Fiduciary Funds | |
| Statement of Fiduciary Net Position | 25 |
| Statement of Changes in Fiduciary Net Position | 26 |
| Notes to Financial Statements | 27-43 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule – Major Governmental Funds | 44-46 |
| Combining and Individual Fund Financial Statements | |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 47 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 48 |
| Financial Statements of Individual Funds | |
| General Fund | |
| Comparative Balance Sheet | 49 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 50 |
| Analysis of Revenues - Budget and Actual | 51-52 |
| Analysis of Expenditures - Budget and Actual | 53-57 |

REPORT OF EXAMINATION

CITY OF GRANT, MICHIGAN

JUNE 30, 2025

TABLE OF CONTENTS

| | <u>PAGES</u> |
|---|--------------|
| Major Proprietary Funds | |
| <u>Water Fund</u> | |
| Comparative Statement of Net Position | 58 |
| Comparative Statement of Revenues, Expenses and Changes in Fund Net Position | 59 |
| Comparative Statement of Cash Flows | 60 |
| <u>Sewer Fund</u> | |
| Comparative Statement of Net Position | 61 |
| Comparative Statement of Revenues, Expenses and Changes in Fund Net Position | 62 |
| Comparative Statement of Cash Flows | 63 |
| Component Unit | |
| <u>Downtown Development Authority Fund</u> | |
| Comparative Balance Sheet | 64 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 65 |
| Internal Control and Compliance | |
| 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 <i>Government Auditing Standards</i> | 66-68 |



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, 2025, 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, 2025, 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.

Change in Accounting Principle

As discussed in Note IV to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 12 and 44-46 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 28, 2025, 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 28, 2025

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

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, 2025. 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 \$7,570,899 (*Net Position*). Of this amount, \$1,291,957 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 \$1,480,629, of which \$703,241 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 \$703,241.
- ❖ The City's total outstanding long-term obligations decreased by \$42,256 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, 2025

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 13-15 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 16-19 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 20-24 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, 2025

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 25-26 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 27-43 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 \$7,570,899 at the close of the most recent fiscal year.

*City of Grant
Net Position As of June 30,*

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Assets | | | | | | |
| Current Assets | \$ 1,571,357 | \$ 1,517,644 | \$ 646,473 | \$ 599,532 | \$ 2,217,830 | \$ 2,117,176 |
| Restricted Assets | 0 | 0 | 292,428 | 351,524 | 292,428 | 351,524 |
| Capital Assets | 2,039,516 | 1,868,353 | 4,855,107 | 4,984,107 | 6,894,623 | 6,852,460 |
| Total Assets | 3,610,873 | 3,385,997 | 5,794,008 | 5,935,163 | 9,404,881 | 9,321,160 |
| Liabilities | | | | | | |
| Current Liabilities | 137,096 | 30,256 | 88,370 | 71,543 | 225,466 | 101,799 |
| Long-Term Liabilities | 161,516 | 177,209 | 1,447,000 | 1,509,937 | 1,608,516 | 1,687,146 |
| Total Liabilities | 298,612 | 207,465 | 1,535,370 | 1,581,480 | 1,833,982 | 1,788,945 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 1,874,204 | 1,690,328 | 3,347,107 | 3,417,107 | 5,221,311 | 5,107,435 |
| Restricted for Specific Purposes | 777,336 | 827,742 | 280,295 | 338,980 | 1,057,631 | 1,166,722 |
| Unrestricted | 660,721 | 660,462 | 631,236 | 597,596 | 1,291,957 | 1,258,058 |
| Total Net Position | \$ 3,312,261 | \$ 3,178,532 | \$ 4,258,638 | \$ 4,353,683 | \$ 7,570,899 | \$ 7,532,215 |

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

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

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 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 \$1,291,957 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 \$38,684 in this fiscal year. Governmental activities increased by \$133,729, while business-type activities decreased by \$95,045.

*City of Grant
Change in Net Position
For the Fiscal Year Ended June 30,*

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 270,377 | \$ 250,894 | \$ 662,824 | \$ 633,346 | \$ 933,201 | \$ 884,240 |
| Operating Grants and Contributions | 165,185 | 187,983 | 0 | 0 | 165,185 | 187,983 |
| Capital Grants and Contributions | 29,597 | 0 | 0 | 0 | 29,597 | 0 |
| General Revenues | | | | | | |
| Taxes | 473,221 | 454,044 | 0 | 0 | 473,221 | 454,044 |
| State Shared Revenue | 138,344 | 135,527 | 0 | 0 | 138,344 | 135,527 |
| Investment Earnings | 57,997 | 41,881 | 18,517 | 12,136 | 76,514 | 54,017 |
| Other Revenue | 74,817 | 59,733 | 150 | 0 | 74,967 | 59,733 |
| Transfers | 0 | (15,000) | 0 | 15,000 | 0 | 0 |
| Total Revenues | 1,209,538 | 1,115,062 | 681,491 | 660,482 | 1,891,029 | 1,775,544 |
| Expenses | | | | | | |
| General Government | 217,806 | 218,818 | 0 | 0 | 217,806 | 218,818 |
| Public Safety | 449,053 | 409,202 | 0 | 0 | 449,053 | 409,202 |
| Public Works | 364,026 | 287,614 | 0 | 0 | 364,026 | 287,614 |
| Community and | | | | | | |
| Economic Development | 7,519 | 9,799 | 0 | 0 | 7,519 | 9,799 |
| Recreation and Culture | 31,555 | 35,021 | 0 | 0 | 31,555 | 35,021 |
| Water | 0 | 0 | 295,476 | 308,791 | 295,476 | 308,791 |
| Sewer | 0 | 0 | 481,060 | 464,210 | 481,060 | 464,210 |
| Market | 0 | 0 | 0 | 74 | 0 | 74 |
| Interest on Long-Term Debt | 5,850 | 6,275 | 0 | 0 | 5,850 | 6,275 |
| Total Expenses | 1,075,809 | 966,729 | 776,536 | 773,075 | 1,852,345 | 1,739,804 |
| Changes in Net Position | 133,729 | 148,333 | (95,045) | (112,593) | 38,684 | 35,740 |
| NET POSITION - Beginning of Year | 3,178,532 | 3,030,199 | 4,353,683 | 4,466,276 | 7,532,215 | 7,496,475 |
| NET POSITION - End of Year | \$ 3,312,261 | \$ 3,178,532 | \$ 4,258,638 | \$ 4,353,683 | \$ 7,570,899 | \$ 7,532,215 |

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

Governmental Activities

During the current fiscal year, net position for the governmental activities increased \$133,729 from the prior fiscal year for an ending balance of \$3,312,261. 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 \$449,053, which is made up of Public Safety expenditures in the Police Fund and Fire Fund. Public Works represents the next largest expense at \$364,026. The City spent \$217,806 in this fiscal year on General Government.

Business-Type Activities

The City's business-type activities accounted for a decrease of \$95,045 in the City's net position for the fiscal year ended June 30, 2025.

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, 2025, its governmental funds reported fund balances of \$1,480,629. There is \$703,241 in unassigned fund balance. The remaining \$777,388 of fund balance of the governmental funds is assigned or restricted and is therefore not available for new appropriation.

General Fund – The General Fund fund balance increased by \$26,262, which brings the fund balance to \$703,241. All of this fund balance is unassigned. The increase is primarily due to having increased revenues related to property taxes and state grants.

Major Street Fund – The Major Street Fund decreased its fund balance by \$35,139, which brings the fund balance to \$446,823. All of this balance is restricted for major street improvements. The decrease represents the amount of major street expenditures in excess of state funding that was collected.

Local Street Fund – The Local Street Fund decreased its fund balance by \$18,708, which brings the balance to \$143,405. All of this balance is restricted for local street improvements. The decrease represents the amount of local street expenditures in excess of state funding that was collected.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

Roads and Right-of-Ways Fund – The Roads and Right-of-Ways Fund increased its fund balance by \$21,916, which brings the balance to \$186,348. 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 decreased its fund balance by \$18,475, which brings the balance to \$0. Property tax revenues, state grants, and transfers in were less than public safety expenditures, causing the decrease.

Non-Major Funds – The Non-Major Funds of the City had no change in fund balance during the fiscal year.

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 \$59,753. The unrestricted net position decreased \$9,547, net position restricted for debt service increased \$355, net position restricted for replacement, repairs, and improvements decreased \$4,562 and net position invested in capital assets decreased by \$45,999. 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 \$35,407. The unrestricted net position increased \$43,072, net position restricted for debt service increased \$477, net position restricted for replacement, repairs, and improvements decreased \$54,955, and net position invested in capital assets decreased by \$24,001. 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 44-46 of this report.

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

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL |
|--------------------|--------------------|-----------------|------------|
| Total Revenues | \$ 962,365 | \$ 777,920 | \$ 728,432 |
| Total Expenditures | \$ 900,216 | \$ 529,658 | \$ 519,997 |

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

The variance between budgeted revenues and actual revenues was due to the City receiving less other revenue for a grant than what was budgeted for. The variance between the budgeted expenditures compared to actual expenditures was minimal.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

Capital Assets The City's investment in capital assets for governmental and business-type activities as of June 30, 2025, amounted to \$6,894,623 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>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Land | \$ 161,648 | \$ 146,348 | \$ 53,642 | \$ 53,642 | \$ 215,290 | \$ 199,990 |
| Construction in Progress | 34,470 | 0 | 236,070 | 173,637 | 270,540 | 173,637 |
| Buildings | 590,199 | 562,724 | 164,999 | 164,999 | 755,198 | 727,723 |
| Improvements Other than Buildings | 499,837 | 499,837 | 8,880,399 | 8,880,399 | 9,380,236 | 9,380,236 |
| Machinery and Equipment | 450,847 | 446,070 | 206,828 | 206,828 | 657,675 | 652,898 |
| Vehicles | 433,049 | 268,693 | 0 | 0 | 433,049 | 268,693 |
| Infrastructure | 2,060,612 | 1,950,642 | 0 | 0 | 2,060,612 | 1,950,642 |
| Subtotal | 4,230,662 | 3,874,314 | 9,541,938 | 9,479,505 | 13,772,600 | 13,353,819 |
| Accumulated Depreciation | 2,191,146 | 2,005,961 | 4,686,831 | 4,495,398 | 6,877,977 | 6,501,359 |
| Net Capital Assets | \$ 2,039,516 | \$ 1,868,353 | \$ 4,855,107 | \$ 4,984,107 | \$ 6,894,623 | \$ 6,852,460 |

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

- ❖ Street paving and patching totaling \$109,970.
- ❖ Purchased a property and cleared land at a cost of \$15,300.
- ❖ 2025 police vehicle for \$73,235.
- ❖ DPW truck with fittings totaling \$134,177.
- ❖ Furnace and doors at City Hall totaling \$9,752.
- ❖ DPW building roof improvement at a cost of \$22,500.
- ❖ Disposed of a police vehicle with a historical cost of \$43,056.
- ❖ Engineering related to the sewer system upgrade which is construction in progress for \$62,433.
- ❖ Improvements to Community Center which is construction in progress for \$34,470.

As of June 30, 2025, the City has approved improvements to the wastewater system, which will be funded with a USDA loan and grant. The total project will be \$3,635,000. The city has also approved a project to improve the community center which will total \$772,054.

Long-Term Obligations As of June 30, 2025, the City had outstanding obligations of \$1,716,603, consisting of general obligation bonds, revenue bonds, accrued compensated absences, and an installment purchase agreement. The debt represents bonds secured solely by the specific revenue sources (water and sewer system revenue bonds, \$1,508,000), accrued compensated absences of \$43,291, and an installment purchase agreement for \$165,312.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

Economic Condition and Outlook

The local and regional economy provides important context for understanding the City of Grant's fiscal capacity, strategic priorities, and community development outlook. As of September 2025, the unemployment rate in Newaygo County (not seasonally adjusted) is 5.8%, which is 0.8% higher than the overall rate for the State of Michigan. While the unemployment rate remains moderate, it reflects the broader economic transition of the region, including shifts in labor demand, seasonal employment trends, and workforce mobility.

The City of Grant's economic base continues to be supported by residential housing growth, small business investment, and strategic infrastructure improvements. As the local economy recovers from prior economic disruptions and continues to diversify, there has been steady expansion in both real and personal property value, which forms the backbone of the City's revenue structure.

The City's total taxable value increased from \$23,031,627 in FY 2024–2025 to \$24,417,935 in FY 2025–2026 — a 6.02% increase. This growth builds upon several consecutive years of positive value gains, driven largely by:

- Rising residential home values in established neighborhoods.
- New construction and redevelopment of formerly underutilized parcels.
- Private investment from local businesses and property owners.

This upward trend reflects the City's growing appeal as a place to live, work, and invest. Over time, a larger tax base provides greater fiscal capacity to maintain essential public services, fund infrastructure upgrades, and make strategic investments that enhance community well-being.

Historical Taxable Values:

| | | |
|-------------|--------------|--------|
| 2015 – 2016 | \$15,574,659 | -0.70% |
| 2016 – 2017 | \$15,603,752 | 0.19% |
| 2017 – 2018 | \$16,382,393 | 4.99% |
| 2018 – 2019 | \$16,887,276 | 3.08% |
| 2019 – 2020 | \$17,712,984 | 4.89% |
| 2020 – 2021 | \$18,360,441 | 3.66% |
| 2021 – 2022 | \$19,115,965 | 4.11% |
| 2022 – 2023 | \$19,858,259 | 3.88% |
| 2023 – 2024 | \$21,655,953 | 9.05% |
| 2024 – 2025 | \$23,031,627 | 6.35% |
| 2025 – 2026 | \$24,417,935 | 6.02% |

Over the past 10 years, the City's taxable value has grown by nearly \$9 million, representing an increase of approximately 57% since FY 2015–2016. This long-term trend demonstrates continued investor confidence, steady community growth, and the impact of sustained capital investment.

CITY OF GRANT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

Taxable value, when paired with millage rates, determines the City's primary source of general fund revenue. The current expected property tax millage rates, adjusted for Headlee Amendment rollback fractions, are as follows:

- 11.7150 mills — General Operating Fund
- 2.9369 mills — Roads and Right-of-Ways Fund
- 0.9789 mills — Fire Operating and Equipment
- 1.9579 mills — Police and Public Safety

These revenue streams are essential to funding the City's core municipal services, including street maintenance, public safety, infrastructure upkeep, and administrative operations. The City remains mindful of the balance between maintaining service levels and ensuring that the local tax burden remains fair and competitive.

The City of Grant recognizes that economic stability and community well-being are closely linked to the quality of public services, infrastructure, and private investment. To sustain growth and strengthen its fiscal position, the City is pursuing a strategic, long-term approach focused on five key priorities:

- Infrastructure Investment – Upgrading roads, stormwater systems, utilities, and public facilities to support current and future development.
- Housing Development – Expanding workforce and entry-level housing options to meet increasing demand and attract new residents.
- Business Support – Encouraging entrepreneurship and small business growth through partnerships, streamlined permitting, and resource access.
- Targeted Redevelopment – Revitalizing key corridors and downtown spaces to strengthen the City's economic core and enhance its sense of place.
- Diversified Funding – Pursuing state, federal, and philanthropic grants to reduce reliance on local tax dollars and accelerate capital projects.

Looking ahead, the City intends to build on its growing tax base, maintain sound budgeting practices, and invest in infrastructure renewal to support continued development. By fostering public-private partnerships, leveraging external funding sources, and maintaining financial discipline, the City is positioning itself to sustain essential services, enhance quality of life, and remain an attractive place for residents and businesses.

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, 2025

| | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---|----------------------------|-----------------------------|--------------|-------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS | |
| <u>ASSETS</u> | | | | |
| <u>CURRENT ASSETS</u> | | | | |
| Cash | \$ 1,478,327 | \$ 472,325 | \$ 1,950,652 | \$ 20,834 |
| Receivables | | | | |
| Accounts | 17,209 | 173,292 | 190,501 | 0 |
| Internal Balances | (856) | 856 | 0 | 0 |
| Due from Other Governments | 76,677 | 0 | 76,677 | 0 |
| | | | | |
| Total Current Assets | 1,571,357 | 646,473 | 2,217,830 | 20,834 |
| | | | | |
| <u>RESTRICTED ASSETS</u> | | | | |
| Cash | 0 | 292,428 | 292,428 | 0 |
| | | | | |
| <u>CAPITAL ASSETS (Net of Accumulated Depreciation)</u> | | | | |
| Assets Not Being Depreciated | 196,118 | 289,712 | 485,830 | 0 |
| Assets Being Depreciated | 1,843,398 | 4,565,395 | 6,408,793 | 0 |
| | | | | |
| Total Capital Assets (Net of Accumulated Depreciation) | 2,039,516 | 4,855,107 | 6,894,623 | 0 |
| | | | | |
| TOTAL ASSETS | 3,610,873 | 5,794,008 | 9,404,881 | 20,834 |
| | | | | |
| <u>LIABILITIES</u> | | | | |
| <u>CURRENT LIABILITIES</u> | | | | |
| Accounts Payable | 2,071 | 10,181 | 12,252 | 0 |
| Accrued Wages | 13,574 | 0 | 13,574 | 0 |
| Accrued Interest | 4,338 | 12,132 | 16,470 | 0 |
| Unearned Revenues | 75,083 | 0 | 75,083 | 0 |
| Current Portion of Long-Term Liabilities | 42,030 | 66,057 | 108,087 | 0 |
| | | | | |
| Total Current Liabilities | 137,096 | 88,370 | 225,466 | 0 |
| | | | | |

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

CITY OF GRANT, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2025

| | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---|----------------------------|-----------------------------|--------------|-------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS | |
| <u>LONG-TERM LIABILITIES</u> | | | | |
| Compensated Absences | 38,234 | 5,057 | 43,291 | 0 |
| Bonds Payable | 0 | 1,508,000 | 1,508,000 | 0 |
| Installment Purchase Agreement | 165,312 | 0 | 165,312 | 0 |
| Less: Current Portion | (42,030) | (66,057) | (108,087) | 0 |
| | | | | |
| Total Long-Term Liabilities | 161,516 | 1,447,000 | 1,608,516 | 0 |
| | | | | |
| TOTAL LIABILITIES | 298,612 | 1,535,370 | 1,833,982 | 0 |
| | | | | |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | 1,874,204 | 3,347,107 | 5,221,311 | 0 |
| Restricted for Major Street | 446,823 | 0 | 446,823 | 0 |
| Restricted for Local Street | 143,405 | 0 | 143,405 | 0 |
| Restricted for Fire | 750 | 0 | 750 | 0 |
| Restricted for Public Safety | 0 | 0 | 0 | 0 |
| Restricted for Drug Law Enforcement | 10 | 0 | 10 | 0 |
| Restricted for Roads and Right-of-Ways | 186,348 | 0 | 186,348 | 0 |
| Restricted for Debt Service | 0 | 106,233 | 106,233 | 0 |
| Restricted for Replacement, Repairs and Improvements | 0 | 174,062 | 174,062 | 0 |
| Unrestricted | 660,721 | 631,236 | 1,291,957 | 20,834 |
| | | | | |
| TOTAL NET POSITION | \$ 3,312,261 | \$ 4,258,638 | \$ 7,570,899 | \$ 20,834 |
| | | | | |

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

CITY OF GRANT, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION | | | |
|---|--------------|----------------------|--------------------------|--------------------------|--|--------------------------|--------------|----------------|
| | | CHARGES FOR SERVICES | OPERATING | CAPITAL | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
| | | | GRANTS AND CONTRIBUTIONS | GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS | |
| <u>PRIMARY GOVERNMENT</u> | | | | | | | | |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | | | | |
| General Government | \$ 217,806 | \$ 117,005 | \$ 0 | \$ 29,597 | \$ (71,204) | \$ 0 | \$ (71,204) | \$ 0 |
| Public Safety | 449,053 | 96,927 | 6,869 | 0 | (345,257) | 0 | (345,257) | 0 |
| Public Works | 364,026 | 49,325 | 158,316 | 0 | (156,385) | 0 | (156,385) | 0 |
| Community and Economic Development | 7,519 | 7,120 | 0 | 0 | (399) | 0 | (399) | 0 |
| Recreation and Culture | 31,555 | 0 | 0 | 0 | (31,555) | 0 | (31,555) | 0 |
| Interest on Long-Term Debt | 5,850 | 0 | 0 | 0 | (5,850) | 0 | (5,850) | 0 |
| Total Governmental Activities | 1,075,809 | 270,377 | 165,185 | 29,597 | (610,650) | 0 | (610,650) | 0 |
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | | | | |
| Water Fund | 295,476 | 233,606 | 0 | 0 | 0 | (61,870) | (61,870) | 0 |
| Sewer Fund | 481,060 | 429,108 | 0 | 0 | 0 | (51,952) | (51,952) | 0 |
| Market Fund | 0 | 110 | 0 | 0 | 0 | 110 | 110 | 0 |
| Total Business-Type Activities | 776,536 | 662,824 | 0 | 0 | 0 | (113,712) | (113,712) | 0 |
| TOTAL PRIMARY GOVERNMENT | \$ 1,852,345 | \$ 933,201 | \$ 165,185 | \$ 29,597 | (610,650) | (113,712) | (724,362) | 0 |
| <u>COMPONENT UNIT</u> | | | | | | | | |
| Downtown Development Authority | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 | 0 | 0 | 0 |
| <u>GENERAL REVENUES</u> | | | | | | | | |
| Taxes | | | | | 473,221 | 0 | 473,221 | 16,291 |
| State Shared Revenue | | | | | 57,997 | 0 | 57,997 | 0 |
| Investment Earnings | | | | | 138,344 | 18,517 | 156,861 | 56 |
| Other Revenue | | | | | 74,817 | 150 | 74,967 | 0 |
| Transfers | | | | | 0 | 0 | 0 | 0 |
| Total General Revenues | | | | | 744,379 | 18,667 | 763,046 | 16,347 |
| Change in Net Position | | | | | 133,729 | (95,045) | 38,684 | 16,347 |
| <u>NET POSITION</u> - Beginning of Year | | | | | 3,178,532 | 4,353,683 | 7,532,215 | 4,487 |
| <u>NET POSITION</u> - End of Year | | | | | \$ 3,312,261 | \$ 4,258,638 | \$ 7,570,899 | \$ 20,834 |

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

CITY OF GRANT, MICHIGAN
GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2025

| | GENERAL FUND | MAJOR STREET FUND | LOCAL STREET FUND | ROADS AND RIGHT-OF- WAYS FUND | POLICE FUND | NON-MAJOR FUNDS | TOTALS |
|---|-------------------|-------------------------|-------------------------|-------------------------------------|------------------|--------------------|--------------------|
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 725,186 | \$ 428,510 | \$ 137,471 | \$ 186,348 | \$ 0 | \$ 812 | \$1,478,327 |
| Accounts Receivable | 1,515 | 0 | 0 | 0 | 15,694 | 0 | 17,209 |
| Due from Other Funds | 10,276 | 0 | 0 | 0 | 0 | 0 | 10,276 |
| Due from Other Governments | 29,553 | 18,313 | 5,934 | 0 | 22,877 | 0 | 76,677 |
| TOTAL ASSETS | \$ 766,530 | \$ 446,823 | \$ 143,405 | \$ 186,348 | \$ 38,571 | \$ 812 | \$1,582,489 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | | |
| <u>LIABILITIES</u> | | | | | | | |
| Accounts Payable | \$ 2,071 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,071 |
| Due to Other Funds | 856 | 0 | 0 | 0 | 10,276 | 0 | 11,132 |
| Accrued Wages | 5,279 | 0 | 0 | 0 | 8,295 | 0 | 13,574 |
| Unearned Revenue | 55,083 | 0 | 0 | 0 | 20,000 | 0 | 75,083 |
| Total Liabilities | 63,289 | 0 | 0 | 0 | 38,571 | 0 | 101,860 |
| <u>FUND BALANCE</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Major Streets | 0 | 446,823 | 0 | 0 | 0 | 0 | 446,823 |
| Local Streets | 0 | 0 | 143,405 | 0 | 0 | 0 | 143,405 |
| Fire Protection and Equipment | 0 | 0 | 0 | 0 | 0 | 750 | 750 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drug Law Enforcement | 0 | 0 | 0 | 0 | 0 | 10 | 10 |
| Roads and Right-of-Ways | 0 | 0 | 0 | 186,348 | 0 | 0 | 186,348 |
| Assigned for: | | | | | | | |
| Sidewalk Projects | 0 | 0 | 0 | 0 | 0 | 52 | 52 |
| Unassigned | 703,241 | 0 | 0 | 0 | 0 | 0 | 703,241 |
| Total Fund Balance | 703,241 | 446,823 | 143,405 | 186,348 | 0 | 812 | 1,480,629 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 766,530 | \$ 446,823 | \$ 143,405 | \$ 186,348 | \$ 38,571 | \$ 812 | \$1,582,489 |

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, 2025

Total Fund Balances for Governmental Funds \$ 1,480,629

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 | \$ 161,648 | |
| Construction in Progress | 34,470 | |
| Buildings | 590,199 | |
| Improvements Other Than Buildings | 499,837 | |
| Machinery and Equipment | 450,847 | |
| Vehicles | 433,049 | |
| Infrastructure | 2,060,612 | |
| Accumulated Depreciation | <u>(2,191,146)</u> | 2,039,516 |

Long-term liabilities are not due and payable in the current period and are
reported in the funds

Installment Purchase Agreement (165,312)

Accrued interest is not included as a liability in governmental funds, it is recorded
when paid. (4,338)

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. (38,234)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,312,261

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, 2025

| | GENERAL FUND | MAJOR STREET FUND | LOCAL STREET FUND | ROADS AND RIGHT-OF- WAYS FUND | POLICE FUND | NON- MAJOR FUNDS | TOTALS |
|--|-------------------|-------------------------|-------------------------|-------------------------------------|----------------|------------------------|---------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 339,129 | \$ 0 | \$ 0 | \$ 66,713 | \$ 44,474 | \$ 22,905 | \$ 473,221 |
| Licenses and Permits | 13,647 | 0 | 0 | 0 | 0 | 0 | 13,647 |
| State Grants | 167,941 | 114,889 | 37,227 | 6,200 | 6,426 | 443 | 333,126 |
| Charges for Services | 76,618 | 0 | 0 | 0 | 96,298 | 0 | 172,916 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 629 | 0 | 629 |
| Interest and Rents | 124,345 | 12,980 | 3,275 | 581 | 2 | 0 | 141,183 |
| Other Revenue | 6,752 | 0 | 0 | 0 | 68,064 | 0 | 74,816 |
| Total Revenues | 728,432 | 127,869 | 40,502 | 73,494 | 215,893 | 23,348 | 1,209,538 |
| EXPENDITURES | | | | | | | |
| General Government | 219,417 | 0 | 0 | 0 | 0 | 0 | 219,417 |
| Public Safety | 0 | 0 | 0 | 0 | 411,252 | 28,637 | 439,889 |
| Public Works | 258,324 | 109,780 | 93,541 | 51,578 | 0 | 0 | 513,223 |
| Community and Economic Development | 22,436 | 0 | 0 | 0 | 0 | 0 | 22,436 |
| Recreation and Culture | 19,820 | 0 | 0 | 0 | 0 | 0 | 19,820 |
| Debt Service | 0 | 13,228 | 5,669 | 0 | 0 | 0 | 18,897 |
| Total Expenditures | 519,997 | 123,008 | 99,210 | 51,578 | 411,252 | 28,637 | 1,233,682 |
| Excess (Deficiency) of Revenues Over Expenditures | 208,435 | 4,861 | (58,708) | 21,916 | (195,359) | (5,289) | (24,144) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In (Out) | (182,173) | (40,000) | 40,000 | 0 | 176,884 | 5,289 | 0 |
| Net Change in Fund Balance | 26,262 | (35,139) | (18,708) | 21,916 | (18,475) | 0 | (24,144) |
| FUND BALANCES - Beginning of Year | 676,979 | 481,962 | 162,113 | 164,432 | 18,475 | 812 | 1,504,773 |
| FUND BALANCES - End of Year | \$ 703,241 | \$ 446,823 | \$ 143,405 | \$ 186,348 | \$ 0 | \$ 812 | \$ 1,480,629 |

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, 2025

Net Change in Fund Balance - Total Governmental Funds \$ (24,144)

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 | (192,002) |
| Capital Outlay | 399,404 |
| Net Cost of Capital Assets Sold | (36,239) |

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 | 4,672 |
| Accrued Interest Payable - End of Year | (4,338) |

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 |
|---|--------|

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 | 11,897 |
| Compensated Absences - End of the Year | (38,234) |

| | |
|---|-------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 133,729</u> |
|---|-------------------|

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2025

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 | \$ 385,886 | \$ 85,014 | \$ 1,425 | \$ 472,325 |
| Accounts Receivable | 63,657 | 109,635 | 0 | 173,292 |
| Due From Other Funds | 0 | 856 | 0 | 856 |
| Total Current Assets | 449,543 | 195,505 | 1,425 | 646,473 |
| <u>NONCURRENT ASSETS</u> | | | | |
| <u>RESTRICTED ASSETS</u> | | | | |
| Cash | 82,925 | 209,503 | 0 | 292,428 |
| <u>CAPITAL ASSETS</u> | | | | |
| Property, Plant and Equipment | 3,489,588 | 6,052,350 | 0 | 9,541,938 |
| Less Accumulated Depreciation | (1,928,799) | (2,758,032) | 0 | (4,686,831) |
| Net Capital Assets | 1,560,789 | 3,294,318 | 0 | 4,855,107 |
| Total Noncurrent Assets | 1,643,714 | 3,503,821 | 0 | 5,147,535 |
| TOTAL ASSETS | 2,093,257 | 3,699,326 | 1,425 | 5,794,008 |
| <u>LIABILITIES</u> | | | | |
| <u>CURRENT LIABILITIES</u> | | | | |
| Accounts Payable | 0 | 10,181 | 0 | 10,181 |
| Accrued Interest | 967 | 11,165 | 0 | 12,132 |
| Current Portion of Long-Term Debt | 24,000 | 37,000 | 0 | 61,000 |
| Total Current Liabilities | 24,967 | 58,346 | 0 | 83,313 |

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

CITY OF GRANT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2025

BUSINESS-TYPE ACTIVITIES -
ENTERPRISE FUNDS

| | MAJOR FUNDS | | NONMAJOR FUND | TOTALS |
|---|--------------|--------------|---------------|--------------|
| | WATER FUND | SEWER FUND | MARKET FUND | |
| <u>NONCURRENT LIABILITIES</u> | | | | |
| Compensated Absences | 3,326 | 1,731 | 0 | 5,057 |
| Bonds Payable | 232,000 | 1,276,000 | 0 | 1,508,000 |
| Less Current Portion of Long-Term Debt | (24,000) | (37,000) | 0 | (61,000) |
| | | | | |
| Total Noncurrent Liabilities | 211,326 | 1,240,731 | 0 | 1,452,057 |
| | | | | |
| TOTAL LIABILITIES | 236,293 | 1,299,077 | 0 | 1,535,370 |
| | | | | |
| <u>NET POSITION</u> | | | | |
| Net Investment in Capital Assets | 1,328,789 | 2,018,318 | 0 | 3,347,107 |
| Restricted for Debt Service | 27,085 | 79,148 | 0 | 106,233 |
| Restricted for Replacement, Repairs and Improvements | 54,872 | 119,190 | 0 | 174,062 |
| Unrestricted | 446,218 | 183,593 | 1,425 | 631,236 |
| | | | | |
| TOTAL NET POSITION | \$ 1,856,964 | \$ 2,400,249 | \$ 1,425 | \$ 4,258,638 |
| | | | | |

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, 2025

BUSINESS-TYPE ACTIVITIES -

| | <u>ENTERPRISE FUNDS</u> | | | TOTALS |
|---|-------------------------|-------------------|----------------------|--------------|
| | <u>MAJOR FUNDS</u> | | <u>NONMAJOR FUND</u> | |
| | <u>WATER FUND</u> | <u>SEWER FUND</u> | <u>MARKET FUND</u> | |
| <u>OPERATING REVENUES</u> | | | | |
| Charges for Services | \$ 233,606 | \$ 429,108 | \$ 110 | \$ 662,824 |
| <u>OPERATING EXPENSES</u> | | | | |
| Salaries and Wages | 24,417 | 8,905 | 0 | 33,322 |
| FICA | 1,652 | 591 | 0 | 2,243 |
| Fringe Benefits | 3,240 | 1,551 | 0 | 4,791 |
| Administration | 32,080 | 20,587 | 0 | 52,667 |
| Health and Life Insurance | 14,372 | 3,199 | 0 | 17,571 |
| Office and Operating Supplies | 33,613 | 43,402 | 0 | 77,015 |
| Professional Services | 7,561 | 5,295 | 0 | 12,856 |
| Property and Liability Insurance | 10,837 | 11,112 | 0 | 21,949 |
| Workers Comp Insurance | 2,045 | 2,045 | 0 | 4,090 |
| Contracted Services | 59,903 | 124,903 | 0 | 184,806 |
| Repairs and Maintenance | 277 | 27 | 0 | 304 |
| Utilities | 15,800 | 40,207 | 0 | 56,007 |
| Telephone | 1,255 | 2,392 | 0 | 3,647 |
| Equipment Rental | 2,901 | 1,574 | 0 | 4,475 |
| Miscellaneous | 104 | 105 | 0 | 209 |
| Education and Training | 2,661 | 506 | 0 | 3,167 |
| Membership and Subscriptions | 1,105 | 555 | 0 | 1,660 |
| Capital Outlay | 0 | 58,017 | 0 | 58,017 |
| Depreciation | 68,999 | 122,434 | 0 | 191,433 |
| Total Operating Expenses | 282,822 | 447,407 | 0 | 730,229 |
| Operating Income (Loss) | (49,216) | (18,299) | 110 | (67,405) |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | | | |
| Interest Income | 1,967 | 16,545 | 5 | 18,517 |
| Other Revenue | 150 | 0 | 0 | 150 |
| Interest Expense | (12,654) | (33,653) | 0 | (46,307) |
| Total Nonoperating Revenues (Expenses) | (10,537) | (17,108) | 5 | (27,640) |
| Change in Net Position | (59,753) | (35,407) | 115 | (95,045) |
| <u>TOTAL NET POSITION - Beginning of Year</u> | 1,916,717 | 2,435,656 | 1,310 | 4,353,683 |
| <u>TOTAL NET POSITION - End of Year</u> | \$ 1,856,964 | \$ 2,400,249 | \$ 1,425 | \$ 4,258,638 |

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, 2025

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | TOTALS |
|---|--|------------|---------------|------------|
| | 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 | \$ 224,874 | \$ 421,570 | \$ 110 | \$ 646,554 |
| Cash Payments to Suppliers for Goods and Services | (138,062) | (279,959) | 0 | (418,021) |
| Cash Payments to Employees for Services | (61,054) | (21,159) | 0 | (82,213) |
| Net Cash Provided (Used) for Operating Activities | 25,758 | 120,452 | 110 | 146,320 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Other Revenue Received | 150 | 0 | 0 | 150 |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Principal and Interest on Capital Debt | (35,750) | (69,968) | 0 | (105,718) |
| Acquisition of Capital Assets | 0 | (62,433) | 0 | (62,433) |
| Net Cash Provided (Used) for Capital Financing Activities | (35,750) | (132,401) | 0 | (168,151) |
| Cash Flows from Investing Activities | | | | |
| Interest Income | 1,967 | 16,545 | 5 | 18,517 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (7,875) | 4,596 | 115 | (3,164) |
| <u>CASH AND CASH EQUIVALENTS - Beginning of Year</u> | | | | |
| (Including \$351,524 in restricted accounts) | 476,686 | 289,921 | 1,310 | 767,917 |
| <u>CASH AND CASH EQUIVALENTS - End of Year</u> | | | | |
| (Including \$292,428 in restricted accounts) | \$ 468,811 | \$ 294,517 | \$ 1,425 | \$ 764,753 |

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, 2025

| <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) | \$ (49,216) | \$ (18,299) | \$ 110 | \$ (67,405) |
| Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities | | | | |
| Depreciation | 68,999 | 122,434 | 0 | 191,433 |
| (Increase) Decrease in Current Assets | | | | |
| Accounts Receivable | (8,732) | (7,538) | 0 | (16,270) |
| Prepaid Expenses | 12,493 | 12,768 | 0 | 25,261 |
| Increase (Decrease) in Current Liabilities | | | | |
| Accounts Payable | 0 | 10,181 | 0 | 10,181 |
| Increase (Decrease) in in Long-Term Liabilities | | | | |
| Compensated Absences | 2,214 | 906 | 0 | 3,120 |
| Total Adjustments | 74,974 | 138,751 | 0 | 213,725 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 25,758 | \$ 120,452 | \$ 110 | \$ 146,320 |

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

CITY OF GRANT, MICHIGAN
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

| | <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, 2025

| | CUSTODIAL FUND |
|---|----------------|
| | TAX |
| | COLLECTION |
| | FUND |
| <u>ADDITIONS</u> | |
| Property Taxes Collected | \$ 1,107,074 |
| Miscellaneous | 0 |
| TOTAL ADDITIONS | 1,107,074 |
| <u>DEDUCTIONS</u> | |
| Property Taxes Distributed | 1,107,074 |
| Miscellaneous | 0 |
| TOTAL DEDUCTIONS | 1,107,074 |
| 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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

F. Budgetary Information

1. Budgetary Basis of Accounting

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

2. Excess of Expenditures Over Appropriations

| | APPROPRIATIONS | EXPENDITURES |
|--------------------|----------------|--------------|
| General Fund | | |
| General Government | | |
| Elections | \$ 4,520 | \$ 4,546 |

This overage was covered by available fund balance.

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.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

2. Investments

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for land improvements, buildings and building improvements; \$1,500 for machinery and equipment and vehicles; and \$10,000 for assets in the Water and Sewer funds and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

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 have unearned revenue from a grant and contributions received.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

county taxes are levied and due July 1, and become delinquent after September 14. School taxes and the balance of taxes are levied and due December 1 and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. City property tax revenues are recognized when they become both measurable and available for use to finance City operations. Amounts which are not expected to be collected within sixty days are treated as unavailable revenues.

The 2024 taxable valuation of the City of Grant totaled \$23,031,627, on which ad valorem taxes levied consisted of 11.8874 mills for general operating, 0.9934 mills for fire protection services, 2.9802 mills for roads, and 1.9868 mills for public safety. These levies raised approximately \$274,000 for operating purposes, \$23,000 for fire protection, \$69,000 for roads, and \$46,000 for public safety.

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)*

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2025.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2025, 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, 2025, \$1,519,966 of the City's bank balance of \$2,269,966 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2025, deposits of \$2,246,617 and petty cash of \$200, are reported on the financial statements as cash.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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

The following summarizes the categorization of these amounts as of June 30, 2025:

| | Primary Government | Fiduciary Funds | Component Units | Reporting Entity |
|-------------------|-----------------------|--------------------|--------------------|---------------------|
| Cash | \$ 1,950,652 | \$ 3,737 | \$ 20,834 | \$ 1,975,223 |
| Cash - Restricted | 292,428 | 0 | 0 | 292,428 |
| | <u>\$ 2,243,080</u> | <u>\$ 3,737</u> | <u>\$ 20,834</u> | <u>\$ 2,267,651</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 | \$ 1,515 | \$ 0 | \$ 0 | \$ 15,694 | \$ 63,657 | \$ 109,635 | \$ 190,501 |
| Due from Other Governments | 29,553 | 18,313 | 5,934 | 22,877 | 0 | 0 | 76,677 |
| Total | <u>\$ 31,068</u> | <u>\$ 18,313</u> | <u>\$ 5,934</u> | <u>\$ 38,571</u> | <u>\$ 63,657</u> | <u>\$ 109,635</u> | <u>\$ 267,178</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, 2025

C. Capital Assets

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|------------------|---------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Construction in Progress | \$ 0 | \$ 34,470 | \$ 0 | \$ 34,470 |
| Land | 146,348 | 15,300 | 0 | 161,648 |
| Total Capital Assets, Not Being Depreciated | <u>146,348</u> | <u>49,770</u> | <u>0</u> | <u>196,118</u> |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 562,724 | 27,475 | 0 | 590,199 |
| Improvements Other Than Buildings | 499,837 | 0 | 0 | 499,837 |
| Machinery and Equipment | 446,070 | 4,777 | 0 | 450,847 |
| Vehicles | 268,693 | 207,412 | 43,056 | 433,049 |
| Infrastructure | 1,950,642 | 109,970 | 0 | 2,060,612 |
| Total Capital Assets, Being Depreciated | <u>3,727,966</u> | <u>349,634</u> | <u>43,056</u> | <u>4,034,544</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 237,882 | 14,789 | 0 | 252,671 |
| Improvements other than buildings | 224,371 | 21,046 | 0 | 245,417 |
| Machinery and Equipment | 300,101 | 32,362 | 0 | 332,463 |
| Vehicles | 116,106 | 31,994 | 6,817 | 141,283 |
| Infrastructure | 1,127,501 | 91,811 | 0 | 1,219,312 |
| Total Accumulated Depreciation | <u>2,005,961</u> | <u>192,002</u> | <u>6,817</u> | <u>2,191,146</u> |
| Total Capital Assets, Being Depreciated, Net | <u>1,722,005</u> | <u>157,632</u> | <u>36,239</u> | <u>1,843,398</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 1,868,353</u> | <u>\$ 207,402</u> | <u>\$ 36,239</u> | <u>\$ 2,039,516</u> |
| <u>Business-Type Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Construction in Progress | \$ 173,637 | \$ 62,433 | \$ 0 | \$ 236,070 |
| Land | 53,642 | 0 | 0 | 53,642 |
| Total Capital Assets, Not Being Depreciated | <u>227,279</u> | <u>62,433</u> | <u>0</u> | <u>289,712</u> |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 164,999 | 0 | 0 | 164,999 |
| Machinery and Equipment | 206,828 | 0 | 0 | 206,828 |
| Improvements Other Than Buildings | 8,880,399 | 0 | 0 | 8,880,399 |
| Total Capital Assets, Being Depreciated | <u>9,252,226</u> | <u>0</u> | <u>0</u> | <u>9,252,226</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 113,496 | 1,907 | 0 | 115,403 |
| Machinery and Equipment | 212,723 | 9,618 | 0 | 222,341 |
| Improvements Other Than Buildings | 4,169,179 | 179,908 | 0 | 4,349,087 |
| Total Accumulated Depreciation | <u>4,495,398</u> | <u>191,433</u> | <u>0</u> | <u>4,686,831</u> |
| Total Capital Assets, Being Depreciated, Net | <u>4,756,828</u> | <u>(191,433)</u> | <u>0</u> | <u>4,565,395</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 4,984,107</u> | <u>\$ (129,000)</u> | <u>\$ 0</u> | <u>\$ 4,855,107</u> |

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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

| | | |
|--|-----------|----------------|
| Governmental Activities: | | |
| General Government | \$ | 44,956 |
| Public Safety | | 22,793 |
| Public Works, Including Depreciation of General Infrastructure Assets | | 112,518 |
| Recreation and Culture | | <u>11,735</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$</u> | <u>192,002</u> |
| Business-Type Activities: | | |
| Water Fund | \$ | 68,999 |
| Sewer Fund | | <u>122,434</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$</u> | <u>191,433</u> |

D. Interfund Receivables, Payables and Transfers

Individual fund interfund balances as of June 30, 2025, are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| Sewer Fund | General Fund | \$ 856 |
| General Fund | Police Fund | 10,276 |
| | | <u>\$ 11,132</u> |

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2025, are expected to be repaid within one year.

Individual fund transfers at June 30, 2025, were:

| <u>Funds Transferred To</u> | <u>Funds Transferred From</u> | <u>Amount</u> |
|-----------------------------|-------------------------------|-------------------|
| Police Fund | General Fund | \$ 176,884 |
| Fire Fund | General Fund | 5,289 |
| Local Street Fund | Major Street Fund | 40,000 |
| | | <u>\$ 222,173</u> |

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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, 2025:

| | NOTES FROM DIRECT BORROWINGS AND DIRECT | | | COMPENSATED ABSENCES* | TOTAL |
|---|---|-------------------|------------------|--------------------------|-------|
| | BONDS | PLACEMENTS | | | |
| Obligations Payable at July 1, 2024 | \$ 1,567,000 | \$ 178,025 | \$ 13,834 | \$ 1,758,859 | |
| New Obligations Incurred | 0 | 0 | 29,457 | 29,457 | |
| Obligations Retired | (59,000) | (12,713) | 0 | (71,713) | |
| Obligations Payable at June 30, 2025 | <u>\$ 1,508,000</u> | <u>\$ 165,312</u> | <u>\$ 43,291</u> | <u>\$ 1,716,603</u> | |
| Due within one year | <u>\$ 61,000</u> | <u>\$ 12,713</u> | <u>\$ 34,374</u> | <u>\$ 108,087</u> | |

*The change in the compensated absences liability is presented as a net change.

Obligations payable at June 30, 2025, is comprised of the following individual issues:

Bonds:

| | |
|---|------------|
| \$586,000 Water Revenue Bonds, Series 1994 bonds, due in annual installments of \$24,000 to \$27,000 through June 1, 2034; plus interest at 5.00% | \$ 232,000 |
| \$1,722,000 Sewer System Revenue Bonds, Series 2009 Bonds in annual installments of \$37,000 to \$68,000 through September 1, 2049; plus interest at 2.625% | 1,276,000 |

Notes From Direct Borrowings and Direct Placements

| | |
|--|---------|
| Due in annual installments of \$12,713 through December 31, 2037, interest at 3.5% | 165,312 |
|--|---------|

Compensated Absences:

| | |
|--|---------------------|
| Accumulated sick and vacation pay owed to City employees | <u>43,291</u> |
| | <u>\$ 1,716,603</u> |

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$165,312 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

The annual requirements to amortize these obligations outstanding other than compensated absences as of June 30, 2025, including interest payments of \$583,274 are as follows:

| YEAR ENDING JUNE 30, | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES BONDS | TOTAL |
|-------------------------|--|--|--------------------------------------|----------------|
| | NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS | | | |
| | | | | |
| 2026 | | | | |
| PRINCIPAL | \$ 12,713 | | \$ 61,000 | \$ 73,713 |
| INTEREST | 5,784 | | 44,610 | 50,394 |
| TOTAL | <u>18,497</u> | | <u>105,610</u> | <u>124,107</u> |
| 2027 | | | | |
| PRINCIPAL | 12,713 | | 63,000 | 75,713 |
| INTEREST | 5,339 | | 42,425 | 47,764 |
| TOTAL | <u>18,052</u> | | <u>105,425</u> | <u>123,477</u> |
| 2028 | | | | |
| PRINCIPAL | 12,713 | | 64,000 | 76,713 |
| INTEREST | 4,894 | | 40,164 | 45,058 |
| TOTAL | <u>17,607</u> | | <u>104,164</u> | <u>121,771</u> |
| 2029 | | | | |
| PRINCIPAL | 12,713 | | 65,000 | 77,713 |
| INTEREST | 4,449 | | 37,877 | 42,326 |
| TOTAL | <u>17,162</u> | | <u>102,877</u> | <u>120,039</u> |
| 2030 | | | | |
| PRINCIPAL | 12,713 | | 67,000 | 79,713 |
| INTEREST | 4,004 | | 35,564 | 39,568 |
| TOTAL | <u>16,717</u> | | <u>102,564</u> | <u>119,281</u> |
| 2031-2035 | | | | |
| PRINCIPAL | 63,565 | | 327,000 | 390,565 |
| INTEREST | 13,349 | | 141,157 | 154,506 |
| TOTAL | <u>76,914</u> | | <u>468,157</u> | <u>545,071</u> |
| 2036-2040 | | | | |
| PRINCIPAL | 38,182 | | 250,000 | 288,182 |
| INTEREST | 22,861 | | 96,967 | 119,828 |
| TOTAL | <u>61,043</u> | | <u>346,967</u> | <u>408,010</u> |
| 2041-2045 | | | | |
| PRINCIPAL | 0 | | 284,000 | 284,000 |
| INTEREST | 0 | | 61,951 | 61,951 |
| TOTAL | <u>0</u> | | <u>345,951</u> | <u>345,951</u> |

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

| <u>YEAR ENDING JUNE 30,</u> | <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS-TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|---------------------------------|---|-------------------------------------|---------------------|
| | <u>NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS</u> | <u>BONDS</u> | |
| 2046-2050 | | | |
| PRINCIPAL | 0 | 327,000 | 327,000 |
| INTEREST | 0 | 21,879 | 21,879 |
| TOTAL | <u>0</u> | <u>348,879</u> | <u>348,879</u> |
| PRINCIPAL | 165,312 | 1,508,000 | 1,673,312 |
| INTEREST | 60,680 | 522,594 | 583,274 |
| TOTAL | <u>\$ 225,992</u> | <u>\$ 2,030,594</u> | <u>\$ 2,256,586</u> |

Interest expense for the year ended June 30, 2025 was approximately \$52,157.

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.

IV. 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, 2025, the City contributed \$17,958 to the plan. Employees voluntarily deferred an additional \$11,554 to their individual plans. Covered wages for the year were approximately \$299,307, while total wages were approximately \$404,029. 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, 2025, 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, 2025, the Fremont Area Community Foundation holds endowment funds for the City of Grant in the amount of \$84,331.

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, 2025, 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 \$3,635,000, of which \$1,022,000 will be funded from loan proceeds and \$2,613,000 will be from grants.

The City also entered into contracts for construction services and architectural services for community center renovations for \$772,054. At June 30, 2025, \$737,584 is still owed on the contracts, which will be completed and paid in the 2025-2026 fiscal year.

G. Subsequent Events

Subsequent to year end the City has approved spending \$138,565 for a street improvement project as well as \$70,593 for the purchase of a truck for the police department.

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

H. Change in Accounting Principle

For the year ended June 30, 2025, the City implemented GASB Statement No. 101, Compensated Absences.

Summary: 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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

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.

V. UPCOMING ACCOUNTING PRONOUNCEMENTS

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 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 2025-2026 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;

CITY OF GRANT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

- 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. 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, 2025

| | 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 | \$ 339,800 | \$ 337,325 | \$ 339,129 | \$ 1,804 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Licenses and Permits | 13,200 | 13,300 | 13,647 | 347 | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Grants | 381,950 | 172,720 | 167,941 | (4,779) | 108,000 | 113,000 | 114,889 | 1,889 |
| Charges for Services | 67,433 | 76,283 | 76,618 | 335 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Rents | 96,232 | 113,492 | 124,345 | 10,853 | 2,000 | 12,000 | 12,980 | 980 |
| Other Revenue | 63,750 | 64,800 | 6,752 | (58,048) | 0 | 0 | 0 | 0 |
| Total Revenues | 962,365 | 777,920 | 728,432 | (49,488) | 110,000 | 125,000 | 127,869 | 2,869 |
| EXPENDITURES | | | | | | | | |
| General Government | | | | | | | | |
| Mayor and City Council | 11,015 | 10,015 | 8,340 | (1,675) | 0 | 0 | 0 | 0 |
| Manager | 82,585 | 83,585 | 82,294 | (1,291) | 0 | 0 | 0 | 0 |
| Clerk | 17,965 | 2,800 | 2,539 | (261) | 0 | 0 | 0 | 0 |
| Board of Review | 1,515 | 1,515 | 1,132 | (383) | 0 | 0 | 0 | 0 |
| Treasurer | 38,250 | 38,750 | 37,704 | (1,046) | 0 | 0 | 0 | 0 |
| Assessor | 11,350 | 11,350 | 10,768 | (582) | 0 | 0 | 0 | 0 |
| Elections | 5,755 | 4,520 | 4,546 | 26 | 0 | 0 | 0 | 0 |
| City Hall | 27,368 | 17,980 | 17,390 | (590) | 0 | 0 | 0 | 0 |
| Community Building | 391,045 | 47,215 | 46,309 | (906) | 0 | 0 | 0 | 0 |
| Other General Government | 7,025 | 8,500 | 8,395 | (105) | 0 | 0 | 0 | 0 |
| Public Safety | | | | | | | | |
| Police Department | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | | | | | | | | |
| Drains | 600 | 625 | 608 | (17) | 0 | 0 | 0 | 0 |
| Department of Public Works | 265,275 | 245,600 | 245,118 | (482) | 0 | 0 | 0 | 0 |
| Highways, Streets and Bridges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cemetery | 12,295 | 13,030 | 12,598 | (432) | 0 | 0 | 0 | 0 |
| Street Department | 0 | 0 | 0 | 0 | 76,562 | 114,147 | 109,780 | (4,367) |
| Community and Economic Development | | | | | | | | |
| Planning Commission | 588 | 588 | 180 | (408) | 0 | 0 | 0 | 0 |
| Economic Development | 8,000 | 23,000 | 22,256 | (744) | 0 | 0 | 0 | 0 |
| Recreation and Culture | | | | | | | | |
| Parks and Recreation | 19,585 | 20,585 | 19,820 | (765) | 0 | 0 | 0 | 0 |
| Debt Service | | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 8,743 | 8,772 | 8,772 | 0 |
| Interest | 0 | 0 | 0 | 0 | 4,590 | 4,458 | 4,456 | (2) |
| Total Expenditures | 900,216 | 529,658 | 519,997 | (9,661) | 89,895 | 127,377 | 123,008 | (4,369) |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over Expenditures | 62,149 | 248,262 | 208,435 | (39,827) | 20,105 | (2,377) | 4,861 | 7,238 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In (Out) | (214,965) | (166,165) | (182,173) | (16,008) | (40,000) | (40,000) | (40,000) | 0 |
| Net Change in Fund Balance | (152,816) | 82,097 | 26,262 | (55,835) | (19,895) | (42,377) | (35,139) | 7,238 |
| FUND BALANCE - Beginning of Year | 676,978 | 676,978 | 676,979 | 1 | 481,962 | 481,962 | 481,962 | 0 |
| FUND BALANCE - End of Year | \$ 524,162 | \$ 759,075 | \$ 703,241 | \$ (55,834) | \$ 462,067 | \$ 439,585 | \$ 446,823 | \$ 7,238 |

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

| | 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 | \$ 68,600 | \$ 66,700 | \$ 66,713 | \$ 13 |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Grants | 35,900 | 36,700 | 37,227 | 527 | 5,200 | 6,195 | 6,200 | 5 |
| 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 | 750 | 3,100 | 3,275 | 175 | 150 | 550 | 581 | 31 |
| Other Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 36,650 | 39,800 | 40,502 | 702 | 73,950 | 73,445 | 73,494 | 49 |
| EXPENDITURES | | | | | | | | |
| General Government | | | | | | | | |
| Mayor and City Council | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 48,320 | 53,620 | 51,578 | (2,042) |
| Cemetery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Street Department | 104,404 | 94,534 | 93,541 | (993) | 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 | 3,929 | 3,945 | 3,941 | (4) | 0 | 0 | 0 | 0 |
| Interest | 2,063 | 1,730 | 1,728 | (2) | 0 | 0 | 0 | 0 |
| Total Expenditures | 110,396 | 100,209 | 99,210 | (999) | 48,320 | 53,620 | 51,578 | (2,042) |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over Expenditures | (73,746) | (60,409) | (58,708) | 1,701 | 25,630 | 19,825 | 21,916 | 2,091 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In (Out) | 40,000 | 40,000 | 40,000 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (33,746) | (20,409) | (18,708) | 1,701 | 25,630 | 19,825 | 21,916 | 2,091 |
| FUND BALANCE - Beginning of Year | 162,113 | 162,113 | 162,113 | 0 | 164,432 | 164,432 | 164,432 | 0 |
| FUND BALANCE - End of Year | \$ 128,367 | \$ 141,704 | \$ 143,405 | \$ 1,701 | \$ 190,062 | \$ 184,257 | \$ 186,348 | \$ 2,091 |

CITY OF GRANT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

| | POLICE FUND | | | |
|--|--------------------|-----------------|-----------|-------------------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
| <u>REVENUES</u> | | | | |
| Taxes | \$ 45,750 | \$ 44,474 | \$ 44,474 | \$ 0 |
| Licenses and Permits | 0 | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 | 0 |
| State Grants | 3,160 | 6,336 | 6,426 | 90 |
| Charges for Services | 79,000 | 133,115 | 96,298 | (36,817) |
| Fines and Forfeitures | 2,000 | 800 | 629 | (171) |
| Interest and Rents | 0 | 0 | 2 | 2 |
| Other Revenue | 0 | 68,000 | 68,064 | 64 |
| Total Revenues | 129,910 | 252,725 | 215,893 | (36,832) |
| <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 | 344,319 | 413,600 | 411,252 | (2,348) |
| 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 | 344,319 | 413,600 | 411,252 | (2,348) |
| Excess (Deficiency) of Revenues Over Expenditures | (214,409) | (160,875) | (195,359) | (34,484) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers In (Out) | 209,640 | 160,875 | 176,884 | 16,009 |
| Net Change in Fund Balance | (4,769) | 0 | (18,475) | (18,475) |
| <u>FUND BALANCE - Beginning of Year</u> | 18,475 | 18,475 | 18,475 | 0 |
| <u>FUND BALANCE - End of Year</u> | \$ 13,706 | \$ 18,475 | \$ 0 | \$ (18,475) |

CITY OF GRANT, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2025

| | 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, 2025

| | SPECIAL REVENUE FUNDS | | | |
|--|-----------------------|----------|-------------------------|-----------|
| | FIRE | SIDEWALK | DRUG LAW ENFORCEMENT | TOTALS |
| <u>REVENUES</u> | | | | |
| Taxes | \$ 22,905 | \$ 0 | \$ 0 | \$ 22,905 |
| State Grants | 443 | 0 | 0 | 443 |
| Total Revenues | 23,348 | 0 | 0 | 23,348 |
| <u>EXPENDITURES</u> | | | | |
| Public Safety | 28,637 | 0 | 0 | 28,637 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,289) | 0 | 0 | (5,289) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfer In General Fund | 5,289 | 0 | 0 | 5,289 |
| Net Change in Fund Balance | 0 | 0 | 0 | 0 |
| <u>FUND BALANCE</u> - Beginning of Year | 750 | 52 | 10 | 812 |
| <u>FUND BALANCE</u> - End of Year | \$ 750 | \$ 52 | \$ 10 | \$ 812 |

CITY OF GRANT, MICHIGAN
GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2025 | 2024 |
|---|------------|------------|
| <u>ASSETS</u> | | |
| Cash | \$ 725,186 | \$ 635,551 |
| Accounts Receivable | 1,515 | 4,336 |
| Due from Other Funds | 10,276 | 35,802 |
| Due from Other Governments | 29,553 | 0 |
| Prepaid Expenditures | 0 | 8,351 |
| | \$ 766,530 | \$ 684,040 |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 2,071 | \$ 2,617 |
| Due to Other Funds | 856 | 856 |
| Accrued Wages | 5,279 | 3,588 |
| Unearned Revenue | 55,083 | 0 |
| | 63,289 | 7,061 |
| <u>FUND BALANCE</u> | | |
| Nonspendable, Prepaid Expenditures | 0 | 8,351 |
| Unassigned | 703,241 | 668,628 |
| | 703,241 | 676,979 |
| | \$ 766,530 | \$ 684,040 |

CITY OF GRANT, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 |
|--|------------|------------|------------|
| | BUDGET | ACTUAL | ACTUAL |
| <u>REVENUES</u> | | | |
| Taxes | \$ 337,325 | \$ 339,129 | \$ 329,697 |
| Licenses and Permits | 13,300 | 13,647 | 13,771 |
| State Grants | 172,720 | 167,941 | 135,747 |
| Charges for Services | 76,283 | 76,618 | 65,372 |
| Interest and Rents | 113,492 | 124,345 | 126,801 |
| Other Revenue | 64,800 | 6,752 | 3,783 |
| | | | |
| Total Revenues | 777,920 | 728,432 | 675,171 |
| <u>EXPENDITURES</u> | | | |
| General Government | 226,230 | 219,417 | 172,580 |
| Public Works | 259,255 | 258,324 | 123,992 |
| Community and Economic Development | 23,588 | 22,436 | 9,799 |
| Recreation and Culture | 20,585 | 19,820 | 23,286 |
| | | | |
| Total Expenditures | 529,658 | 519,997 | 329,657 |
| Excess (Deficiency) of Revenues Over Expenditures | 248,262 | 208,435 | 345,514 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers Out | (166,165) | (182,173) | (247,626) |
| | | | |
| Net Change in Fund Balance | 82,097 | 26,262 | 97,888 |
| <u>FUND BALANCE - Beginning of Year</u> | 676,978 | 676,979 | 579,091 |
| | | | |
| <u>FUND BALANCE - End of Year</u> | \$ 759,075 | \$ 703,241 | \$ 676,979 |
| | | | |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

| | <u>2025</u> | | <u>2024</u> |
|-----------------------------------|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>TAXES</u> | | | |
| Current and Delinquent Taxes | \$ 266,100 | \$ 266,108 | \$ 257,008 |
| MRE Tax | 58,225 | 58,229 | 59,261 |
| Penalties and Interest | 2,000 | 3,657 | 2,844 |
| Property Tax Administration Fee | 11,000 | 11,135 | 10,584 |
| | <hr/> | | |
| Total Taxes | 337,325 | 339,129 | 329,697 |
| | <hr/> | | |
| <u>LICENSES AND PERMITS</u> | | | |
| Franchise Fees | 6,800 | 6,527 | 7,571 |
| Business Licenses and Permits | 6,500 | 7,120 | 6,200 |
| | <hr/> | | |
| Total Licenses and Permits | 13,300 | 13,647 | 13,771 |
| | <hr/> | | |
| <u>STATE GRANTS</u> | | | |
| Sales and Use Tax | 132,950 | 132,982 | 130,165 |
| Small Taxpayer Loss Reimbursement | 5,300 | 5,362 | 5,362 |
| Other State Grants | 34,470 | 29,597 | 220 |
| | <hr/> | | |
| Total State Grants | 172,720 | 167,941 | 135,747 |
| | <hr/> | | |
| <u>CHARGES FOR SERVICES</u> | | | |
| Cemetery Lot Sales | 4,500 | 5,035 | 400 |
| Cemetery Burials | 7,500 | 7,550 | 4,050 |
| Zoning Fees | 250 | 0 | 50 |
| Administration | 64,033 | 64,033 | 60,872 |
| | <hr/> | | |
| Total Charges for Services | 76,283 | 76,618 | 65,372 |
| | <hr/> | | |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

| | <u>2025</u> | | <u>2024</u> |
|---|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>INTEREST AND RENTS</u> | | | |
| Interest | 32,502 | 41,160 | 32,783 |
| Rent (Community Building and Equipment) | 46,000 | 47,834 | 58,658 |
| Land Lease | 10,315 | 10,316 | 10,316 |
| Water Tower Lease | 24,675 | 25,035 | 25,044 |
| | <hr/> | | |
| Total Interest and Rents | 113,492 | 124,345 | 126,801 |
| | <hr/> | | |
| <u>OTHER REVENUE</u> | | | |
| Private Donations | 60,750 | 5,467 | 850 |
| Refunds and Rebates | 3,550 | 734 | 35 |
| Other Revenue | 500 | 551 | 2,898 |
| | <hr/> | | |
| Total Other Revenue | 64,800 | 6,752 | 3,783 |
| | <hr/> | | |
| TOTAL REVENUES | \$ 777,920 | \$ 728,432 | \$ 675,171 |
| | <hr/> <hr/> | | |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 | |
|----------------------------------|---------------|---------------|---------------|--------|
| | BUDGET | ACTUAL | BUDGET | ACTUAL |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Mayor and City Council | | | | |
| Salaries and Wages | \$ 6,000 | \$ 5,313 | \$ 5,125 | |
| Social Security Tax | 460 | 406 | 392 | |
| Office and Operating Supplies | 250 | 205 | 160 | |
| Professional Services | 400 | 299 | 296 | |
| Credit Card and Banking Fees | 85 | 0 | 33 | |
| Printing and Publishing | 500 | 132 | 302 | |
| Membership and Dues | 1,100 | 1,112 | 1,059 | |
| Telephone and Internet | 720 | 660 | 720 | |
| Miscellaneous | 500 | 213 | 410 | |
| | <u>10,015</u> | <u>8,340</u> | <u>8,497</u> | |
| Manager | | | | |
| Salaries and Wages | 63,100 | 63,928 | 59,726 | |
| Social Security Tax | 4,830 | 4,465 | 4,212 | |
| Fringes | 8,355 | 8,025 | 7,332 | |
| Office and Operating Supplies | 400 | 397 | 365 | |
| Contracted Services | 600 | 479 | 211 | |
| Professional Services | 1,800 | 1,306 | 849 | |
| Membership and Dues | 800 | 783 | 742 | |
| Telephone and Internet | 2,000 | 1,475 | 1,818 | |
| Transportation | 200 | 227 | 181 | |
| Professional Development | 1,300 | 1,084 | 994 | |
| Miscellaneous | 200 | 125 | 221 | |
| | <u>83,585</u> | <u>82,294</u> | <u>76,651</u> | |
| Clerk | | | | |
| Office and Operating Supplies | 450 | 367 | 276 | |
| Contracted Services | 300 | 108 | 105 | |
| Professional Services | 900 | 1,109 | 980 | |
| Telephone and Internet | 950 | 947 | 869 | |
| Printing and Publishing | 100 | 0 | 0 | |
| Miscellaneous | 100 | 8 | 7 | |
| | <u>2,800</u> | <u>2,539</u> | <u>2,237</u> | |
| Board of Review | | | | |
| Salaries and Wages | 850 | 669 | 799 | |
| Social Security Tax | 65 | 51 | 61 | |
| Printing and Publishing | 200 | 330 | 300 | |
| Transportation | 350 | 0 | 0 | |
| Professional Development | 50 | 0 | 0 | |
| Miscellaneous | 0 | 82 | 0 | |
| | <u>1,515</u> | <u>1,132</u> | <u>1,160</u> | |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 |
|-------------------------------|---------------|---------------|---------------|
| | BUDGET | ACTUAL | ACTUAL |
| Treasurer | | | |
| Salaries and Wages | 29,700 | 30,474 | 28,249 |
| Social Security Tax | 2,275 | 1,725 | 1,772 |
| Fringes | 180 | 191 | 144 |
| Office and Operating Supplies | 1,050 | 811 | 614 |
| Professional Services | 1,250 | 1,392 | 1,161 |
| Contracted Services | 2,420 | 1,932 | 2,244 |
| Membership and Dues | 200 | 99 | 99 |
| Telephone and Internet | 975 | 948 | 869 |
| Transportation | 200 | 0 | 0 |
| Professional Development | 400 | 0 | 0 |
| Miscellaneous | 100 | 132 | 35 |
| | <u>38,750</u> | <u>37,704</u> | <u>35,187</u> |
| Assessor | | | |
| Social Security Tax | 100 | 92 | 77 |
| Contracted Services | 11,000 | 10,627 | 11,510 |
| Office Supplies | 100 | 0 | 51 |
| Printing and Publishing | 150 | 49 | 137 |
| | <u>11,350</u> | <u>10,768</u> | <u>11,775</u> |
| Elections | | | |
| Salaries and Wages | 1,600 | 1,593 | 2,331 |
| Social Security Tax | 195 | 122 | 176 |
| Office and Operating Supplies | 765 | 995 | 1,753 |
| Contracted Services | 1,760 | 1,758 | 2,292 |
| Printing and Publishing | 0 | 0 | 749 |
| Transportation | 200 | 78 | 39 |
| | <u>4,520</u> | <u>4,546</u> | <u>7,340</u> |
| City Hall | | | |
| Salaries and Wages | 2,400 | 2,163 | 2,125 |
| Social Security Tax | 180 | 157 | 158 |
| Operating Supplies | 400 | 344 | 239 |
| Professional Services | 0 | 0 | 173 |
| Utilities | 4,700 | 4,686 | 4,035 |
| Repairs and Maintenance | 5,250 | 5,230 | 5,005 |
| Equipment Rental | 200 | 0 | 0 |
| Miscellaneous | 50 | 33 | 32 |
| Capital Outlay | 4,800 | 4,777 | 0 |
| | <u>17,980</u> | <u>17,390</u> | <u>11,767</u> |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 |
|------------------------------------|----------------|----------------|----------------|
| | BUDGET | ACTUAL | ACTUAL |
| Community Building | | | |
| Salaries and Wages | 2,500 | 2,520 | 1,835 |
| Social Security Tax | 195 | 190 | 141 |
| Operating and Maintenance Supplies | 1,250 | 743 | 1,487 |
| Contracted Services | 400 | 487 | 384 |
| Utilities | 7,250 | 7,460 | 6,803 |
| Repairs and Maintenance | 1,000 | 239 | 157 |
| Equipment Rental | 50 | 0 | 0 |
| Miscellaneous | 100 | 0 | 0 |
| Capital Outlay | 34,470 | 34,470 | 0 |
| Refunds | 0 | 200 | 600 |
| | <u>47,215</u> | <u>46,309</u> | <u>11,407</u> |
| Other General Government | | | |
| Workers' Compensation | 2,100 | 2,045 | 969 |
| Property and Liability Insurance | 6,400 | 6,350 | 5,590 |
| | <u>8,500</u> | <u>8,395</u> | <u>6,559</u> |
| Total General Government | <u>226,230</u> | <u>219,417</u> | <u>172,580</u> |
| <u>PUBLIC WORKS</u> | | | |
| Drains | 625 | 608 | 360 |
| Department of Public Works | | | |
| Salaries and Wages | 70,500 | 73,390 | 58,086 |
| Social Security Tax | 5,260 | 5,430 | 4,337 |
| Fringes | 8,140 | 7,808 | 5,156 |
| Office and Operating Supplies | 7,000 | 6,281 | 5,544 |
| Professional Services | 2,250 | 2,024 | 1,403 |
| Contracted Services | 2,750 | 2,470 | 3,848 |
| Telephone and Internet | 1,000 | 629 | 824 |
| Uniforms | 500 | 331 | 598 |
| Utilities | 1,800 | 1,896 | 1,367 |
| Gas and Oil | 8,000 | 11,162 | 4,193 |
| Membership and Dues | 150 | 45 | 45 |
| Printing and Publishing | 0 | 0 | 180 |
| Professional Development | 500 | 0 | 0 |
| Repairs and Maintenance | 12,500 | 12,440 | 8,026 |
| Equipment Rental | 750 | 0 | 0 |
| Transportation | 250 | 0 | 0 |
| Miscellaneous | 250 | 35 | 35 |
| Capital Outlay | 124,000 | 121,177 | 22,718 |
| | <u>245,600</u> | <u>245,118</u> | <u>116,360</u> |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 |
|---|----------------|----------------|----------------|
| | BUDGET | ACTUAL | ACTUAL |
| Cemetery | | | |
| Salaries and Wages | 7,500 | 7,460 | 5,123 |
| Social Security Tax | 580 | 551 | 393 |
| Operating and Maintenance Supplies | 650 | 487 | 1,356 |
| Contracted Services | 4,100 | 4,100 | 400 |
| Equipment Rental | 200 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| | <u>13,030</u> | <u>12,598</u> | <u>7,272</u> |
| | | | |
| Total Public Works | <u>259,255</u> | <u>258,324</u> | <u>123,992</u> |
| | | | |
| <u>COMMUNITY AND ECONOMIC DEVELOPMENT</u> | | | |
| Planning Commission | | | |
| Salaries and Wages | 500 | 0 | 0 |
| Social Security Tax | 38 | 0 | 0 |
| Office and Operating Supplies | 50 | 180 | 0 |
| | <u>588</u> | <u>180</u> | <u>0</u> |
| | | | |
| Economic Development | | | |
| Contracted Services | 0 | 0 | 3,885 |
| Membership and Dues | 5,500 | 5,500 | 5,500 |
| Community Promotion | 1,000 | 435 | 414 |
| Capital Outlay | 16,500 | 16,321 | 0 |
| | <u>23,000</u> | <u>22,256</u> | <u>9,799</u> |
| | | | |
| Total Community and Economic Development | <u>23,588</u> | <u>22,436</u> | <u>9,799</u> |
| | | | |
| <u>RECREATION AND CULTURE</u> | | | |
| Parks and Recreation | | | |
| Salaries and Wages | 6,375 | 6,914 | 5,563 |
| Social Security Tax | 490 | 504 | 427 |
| Operating and Maintenance Supplies | 4,750 | 4,754 | 855 |
| Contracted Services | 2,750 | 1,847 | 15,953 |
| Equipment Rental | 800 | 112 | 0 |
| Utilities | 670 | 665 | 488 |
| Miscellaneous | 250 | 0 | 0 |
| Capital Outlay | 4,500 | 5,024 | 0 |
| | <u>20,585</u> | <u>19,820</u> | <u>23,286</u> |
| | | | |
| Total Expenditures | <u>529,658</u> | <u>519,997</u> | <u>329,657</u> |

CITY OF GRANT, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

| | 2025 | | 2024 |
|--|------------|------------|------------|
| | BUDGET | ACTUAL | ACTUAL |
| <u>OTHER FINANCING USES</u> | | | |
| Transfers Out | | | |
| Water Fund | 0 | 0 | 15,000 |
| Police Fund | 160,875 | 176,884 | 227,677 |
| Fire Fund | 5,290 | 5,289 | 4,949 |
| Total Other Financing Uses | 166,165 | 182,173 | 247,626 |
| | | | |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 695,823 | \$ 702,170 | \$ 577,283 |

CITY OF GRANT, MICHIGAN

WATER FUND

COMPARATIVE STATEMENT OF NET POSITION

JUNE 30,

| <u>ASSETS</u> | <u>2025</u> | <u>2024</u> |
|--|--------------|--------------|
| <u>CURRENT ASSETS</u> | | |
| Cash | \$ 385,886 | \$ 389,458 |
| Accounts Receivable | 63,657 | 54,925 |
| Prepaid Expenses | 0 | 12,493 |
| Total Current Assets | 449,543 | 456,876 |
| <u>NONCURRENT ASSETS</u> | | |
| <u>RESTRICTED ASSETS</u> | | |
| Cash | 82,925 | 87,228 |
| <u>CAPITAL ASSETS</u> | | |
| Property, Plant and Equipment | 3,489,588 | 3,489,588 |
| Less Accumulated Depreciation | (1,928,799) | (1,859,800) |
| Net Capital Assets | 1,560,789 | 1,629,788 |
| Total Noncurrent Assets | 1,643,714 | 1,717,016 |
| TOTAL ASSETS | 2,093,257 | 2,173,892 |
| <u>LIABILITIES</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accrued Interest | 967 | 1,063 |
| Current Portion of Long-Term Debt | 27,326 | 23,000 |
| Total Current Liabilities | 28,293 | 24,063 |
| <u>LONG-TERM LIABILITIES</u> | | |
| Compensated Absences | 3,326 | 1,112 |
| Bonds Payable | 232,000 | 255,000 |
| Less Current Portion of Long-Term Debt | (27,326) | (23,000) |
| Total Long-Term Debt | 208,000 | 233,112 |
| TOTAL LIABILITIES | 236,293 | 257,175 |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 1,328,789 | 1,374,788 |
| Restricted for Debt Service | 27,085 | 26,730 |
| Restricted for Replacement, Repairs and Improvements | 54,872 | 59,434 |
| Unrestricted | 446,218 | 455,765 |
| TOTAL NET POSITION | \$ 1,856,964 | \$ 1,916,717 |

CITY OF GRANT, MICHIGAN

WATER FUND

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

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for Services | \$ 233,606 | \$ 223,306 |
| <u>OPERATING EXPENSES</u> | | |
| Salaries and Wages | 24,417 | 19,692 |
| FICA | 1,652 | 1,427 |
| Fringe Benefits | 3,240 | 2,239 |
| Administration | 32,080 | 30,720 |
| Health and Life Insurance | 14,372 | 11,943 |
| Office and Operating Supplies | 33,613 | 26,615 |
| Professional Services | 7,561 | 6,901 |
| Property and Liability Insurance | 10,837 | 9,581 |
| Workers Comp Insurance | 2,045 | 969 |
| Contracted Services | 59,903 | 79,001 |
| Repairs and Maintenance | 277 | 364 |
| Utilities | 15,800 | 14,542 |
| Telephone | 1,255 | 1,423 |
| Printing and Publishing | 0 | 750 |
| Equipment Rental | 2,901 | 6,785 |
| Miscellaneous | 104 | 51 |
| Education and Training | 2,661 | 1,361 |
| Membership and Subscriptions | 1,105 | 1,088 |
| Capital Outlay | 0 | 11,227 |
| Depreciation | 68,999 | 68,354 |
| Total Operating Expenses | <u>282,822</u> | <u>295,033</u> |
| Operating Income (Loss) | <u>(49,216)</u> | <u>(71,727)</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | |
| Interest Income | 1,967 | 1,302 |
| Other Revenue | 150 | 0 |
| Interest Expense | (12,654) | (13,758) |
| Total Nonoperating Revenues (Expenses) | <u>(10,537)</u> | <u>(12,456)</u> |
| Income (Loss) Before Contributions and Transfers | (59,753) | (84,183) |
| Interfund Transfers | 0 | 15,000 |
| Change in Net Position | (59,753) | (69,183) |
| <u>TOTAL NET POSITION - Beginning of Year</u> | <u>1,916,717</u> | <u>1,985,900</u> |
| <u>TOTAL NET POSITION - End of Year</u> | <u>\$ 1,856,964</u> | <u>\$ 1,916,717</u> |

CITY OF GRANT, MICHIGAN
WATER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

| | <u>2025</u> | <u>2024</u> |
|---|--------------------|--------------------|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | | |
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ 224,874 | \$ 227,445 |
| Cash Payments to Suppliers for Goods and Services | (138,062) | (160,658) |
| Cash Payments to Employees for Services | (61,054) | (67,774) |
| Net Cash Provided (Used) for Operating Activities | <u>25,758</u> | <u>(987)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Cash Transfers Between Funds | 0 | 15,000 |
| Other Revenue Received | 150 | 0 |
| Net Cash Provided (Used) for Noncapital Financing Activities | <u>150</u> | <u>15,000</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Principal and Interest on Capital Debt | (35,750) | (35,849) |
| Acquisition of Capital Assets | 0 | (35,192) |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>(35,750)</u> | <u>(71,041)</u> |
| Cash Flows from Investing Activities | | |
| Interest Income | 1,967 | 1,302 |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(7,875)</u> | <u>(55,726)</u> |
| <u>CASH AND CASH EQUIVALENTS - Beginning of Year</u> | | |
| (Including \$87,228 in restricted accounts) | <u>476,686</u> | <u>532,412</u> |
| <u>CASH AND CASH EQUIVALENTS - End of Year</u> | | |
| (Including \$82,925 in restricted accounts) | <u>\$ 468,811</u> | <u>\$ 476,686</u> |
| <u>RECONCILIATION OF OPERATING INCOME</u> | | |
| <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | | |
| Operating Income (Loss) | <u>\$ (49,216)</u> | <u>\$ (71,727)</u> |
| Adjustments to reconcile Operating Income | | |
| To Net Cash Provided by Operating Activities | | |
| Depreciation | 68,999 | 68,354 |
| (Increase) Decrease in Current Assets | | |
| Accounts Receivable | (8,732) | 4,139 |
| Prepaid Expenses | 12,493 | (2,331) |
| Increase (Decrease) in Long-Term Liabilities | | |
| Compensated Absences | 2,214 | 578 |
| Total Adjustments | <u>74,974</u> | <u>70,740</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 25,758</u> | <u>\$ (987)</u> |

CITY OF GRANT, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF NET POSITION

JUNE 30,

| | <u>2025</u> | <u>2024</u> |
|--|--------------|--------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash | \$ 85,014 | \$ 25,625 |
| Accounts Receivable | 109,635 | 102,097 |
| Prepaid Expenses | 0 | 12,768 |
| Due From Other Funds | 856 | 856 |
| | <hr/> | <hr/> |
| Total Current Assets | 195,505 | 141,346 |
| <u>NONCURRENT ASSETS</u> | | |
| <u>RESTRICTED ASSETS</u> | | |
| Cash | 209,503 | 264,296 |
| | <hr/> | <hr/> |
| <u>CAPITAL ASSETS</u> | | |
| Property, Plant and Equipment | 6,052,350 | 5,989,917 |
| Less Accumulated Depreciation | (2,758,032) | (2,635,598) |
| | <hr/> | <hr/> |
| Net Capital Assets | 3,294,318 | 3,354,319 |
| | <hr/> | <hr/> |
| Total Noncurrent Assets | 3,503,821 | 3,618,615 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | 3,699,326 | 3,759,961 |
| <u>LIABILITIES</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts Payable | 10,181 | 0 |
| Accrued Interest | 11,165 | 11,480 |
| Current Portion of Long-Term Debt | 38,731 | 36,000 |
| | <hr/> | <hr/> |
| Total Current Liabilities | 60,077 | 47,480 |
| <u>LONG-TERM LIABILITIES</u> | | |
| Compensated Absences | 1,731 | 825 |
| Bonds Payable | 1,276,000 | 1,312,000 |
| Less Current Portion of Long-Term Debt | (38,731) | (36,000) |
| | <hr/> | <hr/> |
| Total Long-Term Liabilities | 1,239,000 | 1,276,825 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | 1,299,077 | 1,324,305 |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 2,018,318 | 2,042,319 |
| Restricted for Debt Service | 79,148 | 78,671 |
| Restricted for Repairs, Replacement and Improvements | 119,190 | 174,145 |
| Unrestricted | 183,593 | 140,521 |
| | <hr/> | <hr/> |
| TOTAL NET POSITION | \$ 2,400,249 | \$ 2,435,656 |
| | <hr/> | <hr/> |

CITY OF GRANT, MICHIGAN
SEWER FUND

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

| | 2025 | 2024 |
|---|--------------|--------------|
| <u>OPERATING REVENUES</u> | | |
| Charges for Services and Connection Fees | \$ 429,108 | \$ 409,755 |
| <u>OPERATING EXPENSES</u> | | |
| Salaries and Wages | 8,905 | 10,696 |
| FICA | 591 | 776 |
| Fringe Benefits | 1,551 | 1,343 |
| Administration | 20,587 | 19,100 |
| Health and Life Insurance | 3,199 | 2,474 |
| Office and Operating Supplies | 43,402 | 18,355 |
| Professional Services | 5,295 | 5,566 |
| Property and Liability Insurance | 11,112 | 9,824 |
| Workers Comp Insurance | 2,045 | 969 |
| Contracted Services | 124,903 | 141,590 |
| Repairs and Maintenance | 27 | 89 |
| Utilities | 40,207 | 38,340 |
| Telephone | 2,392 | 2,527 |
| Equipment Rental | 1,574 | 11,825 |
| Education and Training | 506 | 426 |
| Miscellaneous | 105 | 48 |
| Memberships and Dues | 555 | 553 |
| Capital Outlay | 58,017 | 37,262 |
| Depreciation | 122,434 | 121,821 |
| Total Operating Expenses | 447,407 | 423,584 |
| Operating Income (Loss) | (18,299) | (13,829) |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | |
| Interest Income | 16,545 | 10,832 |
| Interest Expense | (33,653) | (40,626) |
| Total Nonoperating Revenues (Expenses) | (17,108) | (29,794) |
| Change in Net Position | (35,407) | (43,623) |
| <u>TOTAL NET POSITION - Beginning of Year</u> | 2,435,656 | 2,479,279 |
| <u>TOTAL NET POSITION - End of Year</u> | \$ 2,400,249 | \$ 2,435,656 |

CITY OF GRANT, MICHIGAN
SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

| | <u>2025</u> | <u>2024</u> |
|--|--------------------|--------------------|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | | |
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ 421,570 | \$ 410,457 |
| Cash Payments to Suppliers for Goods and Services | (279,959) | (279,323) |
| Cash Payments to Employees for Services | (21,159) | (36,461) |
| Net Cash Provided (Used) for Operating Activities | <u>120,452</u> | <u>94,673</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Principal and Interest on Capital Debt | (69,968) | (70,039) |
| Acquisition of Capital Assets | (62,433) | (172,254) |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>(132,401)</u> | <u>(242,293)</u> |
| Cash Flows from Investing Activities | | |
| Interest Income | 16,545 | 10,832 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 4,596 | (136,788) |
| <u>CASH AND CASH EQUIVALENTS - Beginning of Year</u> (Including \$264,296 in restricted accounts) | <u>289,921</u> | <u>426,709</u> |
| <u>CASH AND CASH EQUIVALENTS - End of Year</u> (Including \$209,503 in restricted accounts) | <u>\$ 294,517</u> | <u>\$ 289,921</u> |
| <u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | | |
| Operating Income (Loss) | <u>\$ (18,299)</u> | <u>\$ (13,829)</u> |
| Adjustments to reconcile Operating Income To Net Cash Provided by Operating Activities | | |
| Depreciation | 122,434 | 121,821 |
| (Increase) Decrease in Current Assets | | |
| Accounts Receivable | (7,538) | 702 |
| Prepaid Expenses | 12,768 | (2,363) |
| Increase (Decrease) in Current Liabilities | | |
| Accounts Payable | 10,181 | (11,949) |
| Increase (Decrease) In Long-Term Liabilities | | |
| Compensated Absences | 906 | 291 |
| Total Adjustments | <u>138,751</u> | <u>108,502</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 120,452</u> | <u>\$ 94,673</u> |

CITY OF GRANT, MICHIGAN
COMPONENT UNIT

DOWNTOWN DEVELOPMENT AUTHORITY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2025 | 2024 |
|-------------------------------------|-----------|----------|
| <u>ASSETS</u> | | |
| Cash | \$ 20,834 | \$ 4,487 |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | \$ 0 | \$ 0 |
| <u>FUND BALANCE</u> | | |
| Unassigned | 20,834 | 4,487 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 20,834 | \$ 4,487 |

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,

| | 2025 | 2024 |
|---|-----------|----------|
| <u>REVENUES</u> | | |
| Taxes | \$ 16,291 | \$ 4,479 |
| Interest | 56 | 8 |
| | | |
| Total Revenues | 16,347 | 4,487 |
| <u>EXPENDITURES</u> | | |
| Community and Economic Development | 0 | 0 |
| | | |
| Excess (Deficiency) of Revenues Over Expenditures | 16,347 | 4,487 |
| <u>FUND BALANCE</u> - Beginning of Year | 4,487 | 0 |
| | | |
| <u>FUND BALANCE</u> - End of Year | \$ 20,834 | \$ 4,487 |
| | | |

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, 2025, 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 28, 2025.

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. We identified certain deficiencies in internal control, described below as items 2025-1 and 2025-2, that we consider to be material weaknesses:

2025-1 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.

2025-2 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 28, 2025



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, 2025. 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 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Grant are described in Note I to the financial statements. During the fiscal year, the City of Grant adopted GASB Statement No. 101 Compensated Absences, which required changes to how compensated absences are reported. The application of existing policies was not changed during 2024-25. 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 28, 2025.

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, 2025, 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 28, 2025