



**CITY OF EAST GRAND RAPIDS, MICHIGAN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

*FOR THE YEAR ENDED JUNE 30, 2024*

**CITY OF EAST GRAND RAPIDS, MICHIGAN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

***FOR THE YEAR ENDED JUNE 30, 2024***

***Prepared by: Finance Department***

# CITY OF EAST GRAND RAPIDS

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Transmittal Letter	i-iv
Organizational Chart	v
Certificate of Achievement for Excellence in Financial Reporting	vi
List of Principal Officials	vii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-12
Basic Financial Statements	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	13
Statement of Activities	14-15
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	16
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Net Position – Fiduciary Funds	23
Statement of Changes in Net Position – Fiduciary Funds	24
<b>Notes to Financial Statements</b>	25-46
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	47
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Streets Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Streets Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Municipal Streets Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – American Rescue Plan Act Fund	51
Defined Benefit Pension Plan	
Schedule of Changes in Employers Net Pension Liability and Other Ratios	52
Schedule of Employer Contributions	53
Retiree Health Other Post-Employment Benefits Plan	
Schedule of Changes in Employers Net OPEB Liability and Other Ratios	54
Schedule of Employer Contributions	55
Notes to Required Supplementary Information	55

# CITY OF EAST GRAND RAPIDS

## TABLE OF CONTENTS

---

	<u>PAGE</u>
Combining and Individual Fund Statements and Schedules	
<b>General fund</b>	
Schedule of Revenues – Budget and Actual	59
Schedule of Expenditures – Budget and Actual	60
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Drug Law Enforcement Fund	65
<b>Internal Service Funds</b>	
Combining Statement of Net Position	66
Combining Statement of Revenues, Expenses and Changes in Net Position	67
Combining Statement of Cash Flows	68

### STATISTICAL SECTION

Financial Trends	
Net Position by Component	69
Changes in Net Position	70-71
Fund Balances of Governmental Funds	72
Changes in Fund Balances of Governmental Funds	73
Revenue Capacity	
Tax Revenues by Source, Governmental Funds	74
State Equalized Value and Estimated Actual Value of Taxable Property	75
Property Tax Rates - Direct and Overlapping Governments	76
Principal Property Tax Payers	77
Property Tax Levies and Collections	78
Debt Capacity	
Ratios of Outstanding Debt by Type	79
Ratios of General Bonded Debt Outstanding	80
Direct and Overlapping Governmental Activities Debt	81
Legal Debt Margin Information	82
Demographic and Economic Information	
Demographic and Economic Statistics	83
Operating Information	
City Employees by Function/Program	84

### INTERNAL CONTROL AND COMPLIANCE

Independent Auditors' 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>	85-86
---	-------

## **INTRODUCTORY SECTION**



# *The City of East Grand Rapids*

December 16, 2024

## **To the Honorable Mayor, Members of the City Commission and Citizens of the City of East Grand Rapids:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ending on June 30, 2024.

Management assumes full responsibility for the completeness and reliability of all information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Vredeveld Haefner, a firm of licensed certified public accountants, has issued an unmodified opinion on the City of East Grand Rapids's financial statements for the year ended June 30, 2024. The independent auditors' report is presented at the front of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditors' report.

## **Profile of the Government**

The City of East Grand Rapids (EGR) was settled in the 1830s and built around the 283-acre Reeds Lake (the largest of the two lakes within the city). EGR was a popular daytime resort for the citizens of Grand Rapids. Incorporated as a village in 1891, a city in 1926, it is one of the oldest communities in Kent County. Within the city's 3.4 square miles is more than 179 acres of public parkland including 6 acres of waterfront; a 43-acre woodland; conserved wetlands; trails; and other recreational fields and facilities. Based on the 2020 census the population of EGR is 11,406.

EGR is commission/manager form of local government where all department directors are hired by and report to the city manager. Six non-partisan commissioners represent three wards (two elected officials from each ward) and serve staggered four year-terms. The Mayor is elected at-large and serves a four-year term as well. Elections are held every two years in November of odd years. The commission appoints the city manager, city clerk, finance director/treasurer, attorney, and assessor. The commission sets policy and direction, approves the budget, major expenditures, contracts, sets fees and water and sewer rates while serving as the legislative authority through the approval of ordinances

and major planning initiatives. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically, when deemed appropriate by the city commission.

The city is managed by a professional senior staff. The executive team includes the city manager, finance director/treasurer; public safety director; director of public works/deputy city manager; parks and recreation director and the city clerk who also serves as the administrative assistant to the city manager and mayor. The city manager retains responsibility for labor relations and oversight of human resources functions. The city provides a full range of services, including police; construction and maintenance of streets, and other infrastructure (including water & sewer), yard waste collection; recreational activities; and cultural events.

The city commission is required to adopt a final budget by the third Monday in June for the ensuing fiscal year. This annual budget serves as the foundation for the city's financial planning and control. The budget is prepared by fund, function, and department. The governmental funds adopted are the 1 General Fund, 4 Special Revenue Funds (Major, Local, Municipal Streets and ARPA), 1 Capital Fund, and 2 Debt Funds. Department heads may transfer resources within a department. Transfers between departments, however, require approval of the commission.

### **Factors Affecting Economic Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the city operates as described below:

#### *Local economy*

Many municipalities in Michigan are struggling to address the fundamental flaws in the existing local government financing system. The combined effect of Proposal A and the Headlee Amendment caps a city's ability to generate revenue at the rate of inflation, while the costs of providing services continue to increase faster than inflation. As taxable values recover, these factors will impede growth in property tax revenues. The state and federal government also limit a city's ability to raise non-tax revenue.

The city's tax base excluding personal property grew by 5.843%, which was a slight increase from the prior year's increase of 5.841%. The city's State Equalized Value (SEV) for real property increased by 15.16% and overall (real and personal) grew by 15.13%. While this is encouraging, based on the effects of the Headlee Amendment this increase will result in reducing the city's operating millage. The rollback allowed the operating millage for fiscal year 23/24 to remain the same at 11.5214 with no rollback.

#### *Major initiatives*

In November 2021 EGR voters approved a \$7 Million bond request to update the city's playgrounds, parks, and trails. This original bond purchase was for \$5,185,335.65 after related bond fees. The first round of improvements has been completed with the addition of a dog park and the updating of playgrounds at three schools. This year the City approved upgrades to Manhattan soccer fields and the Woodcliff school playgrounds. Next summer the City plans to update Manhattan parks playgrounds, tennis/pickleball courts, and other park amenities.

In November 2023 East Grand Rapids voters approved the renewal of the Street millage for 10 years, with an increase to 2 mills to gain back from the Headless Rollback that lowered this millage over the past 10 years. Public Works continues to work to enhance the community's infrastructure. The city ended with a higher than expected PASER rating (street rating system) with 88.9% of city streets are rated fair-excellent up from 87% in 2023.

The following are some high-level accomplishments by the public works department in 2023:

- Over 5.75 total miles of street construction, \$2,723,996.
- 3,333 feet of water main rehabilitations and 900 feet of replacement (system stretches 53 miles), \$886,011.
- 1,941 feet of sewer line rehabilitation (system stretches 42 miles), 83,250.
- 2,154 feet of Lakeside Dr. culvert storm sewer (system stretches 39 miles)

The city also started to implement new initiatives to reach its goal of becoming carbon neutral by 2040. The city contracted with Blue Path Solar to replace the existing solar panels on City Hall as well as install new solar panels on the DPW building and the Public Safety building at no cost to the city. The city set up a composting site for residents to drop off their compostable refuse. The city was the first in the State to enroll in DTE's Energy Clean Vision Natural Gas Balance program. The city has recently purchased 3 Ford Lightning electric vehicles to test how they work in our fleet. Lastly, the city has almost completed its Climate Action Plan that it has been working with a consultant to develop over the past year, which will allow the city to showcase its goal of becoming carbon neutral.

#### *Budgeting and internal controls*

---

In accordance with state law, the city's budget is prepared on a modified accrual basis for governmental funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued leave time benefits. Governmental funds, such as the general fund, special revenue funds, debt service funds and capital project funds are reported on the modified accrual basis. The city's enterprise and internal service funds report on an accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred. All funds' budgets are reviewed for budget to actual variances quarterly.

In developing and evaluating the city's accounting system, consideration has been given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintain accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

#### *Financial policies*

The city's investment policy is to invest public funds in a manner which will provide the highest investment return with maximum security, while meeting daily cash flow demands and conforming to all state statutes and local ordinances governing the investment of public funds. The city's investment objectives are safety, liquidity, and yield. Disbursement, collection, and deposit of all funds will be managed to ensure that all cash is invested promptly until needed. The City will strive to maximize the return on the portfolio, with the primary objective of preserving capital by prudent investment practices.

#### *Long-term financial planning*

City staff are constantly evaluating current and future economic challenges and will make necessary structural changes that may result from these challenges. The city commission is committed to strategies designed to ensure the long-term health of the city. One of the ways to accomplish this is to develop an ongoing financial forecasting model. The city has recently implemented a multi-year financial forecast. By seeing what potential outcomes are available, the city can position itself to deal with its future more adequately.

The city is committed to addressing long-term legacy costs. Since leaving MERS the city has already seen the advantage of making immediate changes in pension contributions to reflect the current market and up to date actuarial evaluations. When under MERS these changes happened anywhere from 18-24 months after the market change, which provided the city with information too dated for city staff to be able to evaluate and make changes based on this data. The city continues to seek ways to lessen long-term retirement liabilities to achieve the financial goal of maintaining long-term financial stability.

### **Awards and Acknowledgements**

The city transitioned from a basic financial statement annual audit report to an Annual Consolidated Financial Report (ACFR) for the year ending June 30, 2022. The City submitted the audits for year endings June 30, 2022 and 2023 and was awarded the Certificate of Achievement for Excellence in Financial Reporting from Government Financial Officers Association (GFOA). This award recognizes municipalities that prepare their annual financial reports transparently and with full disclosure.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of East Grand Rapids' finances.

Respectfully submitted,

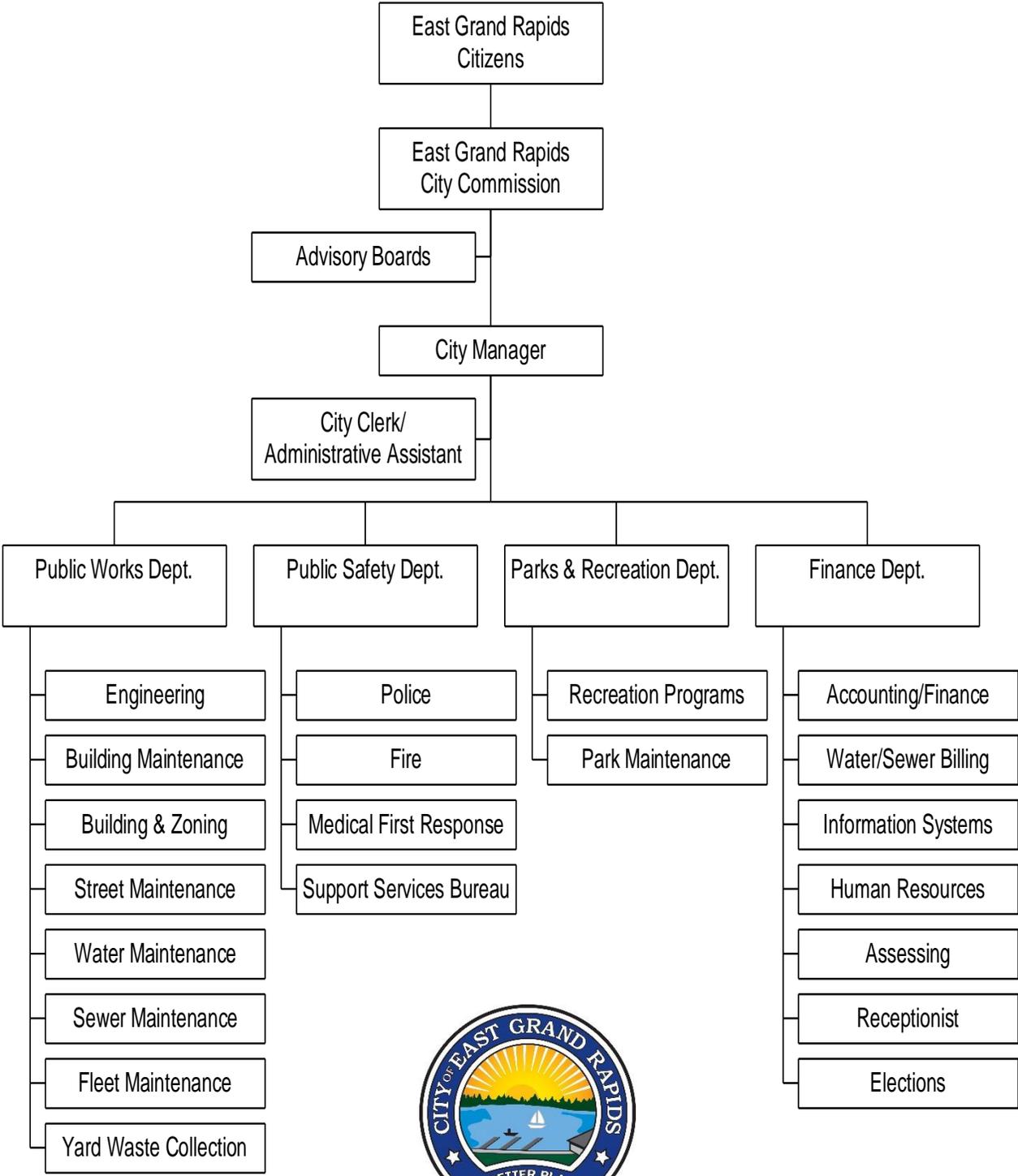
A handwritten signature in black ink, appearing to read "Shea Charles".

Shea Charles, City Manager

A handwritten signature in blue ink, appearing to read "Sharla Seath".

Sharla Seath, Finance Director

# East Grand Rapids Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of East Grand Rapids  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# City of East Grand Rapids, Michigan

---

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2024

---

City Officials at June 30, 2024

**Katie Favale**

Mayor

**Ryan Burdick**

**Kate Skaggs**

**Chris Wessely**

**Bradley Hunter**

**Abbie Groff-Blaszak**

**Laura Schwartz**

**Shea Charles**

City Manager

Prepared by  
City of East Grand Rapids  
Finance Department

## **FINANCIAL SECTION**



# Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Michael J. Vredeveld, CPA  
(616) 648-8447

## INDEPENDENT AUDITORS' REPORT

November 25, 2024

Honorable Mayor and Members of the City Commission  
City of East Grand Rapids, 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, each major fund, and the aggregate remaining fund information of the City of East Grand Rapids, Michigan (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 on pages 5 through 12 and budgetary comparison and benefit plan trend information on pages 47 through 55 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the City'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'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 City's internal control over financial reporting and compliance.

*Uredewald Haefner LLC*

**(This page left intentionally blank)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Management's Discussion and Analysis

As management of the City of East Grand Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024.

## Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2024 fiscal year as follows:

- Significant road and sidewalk projects continue to be completed due to the passing of the dedicated road and sidewalk millage in May of 2015. The City completed 5.75 miles of various types of projects in the current Fiscal Year. Total expenditures for these projects were \$2,723,996.
- In the motor pool equipment replacement fund, \$323,498 was invested in various vehicle and equipment replacements.
- Realigned water and sewer rates with a net increase of 10%. New rates match charges for services from Grand Rapids and provide funding for the replacement of lead serve lines.
- Completed reconstruction of three playgrounds in partnership with the EGRPS, funded by the milage.
- Received a grant from the State to boost the funding level of closed pension retirements system to 59.2% funded.
- Installation of solar panels on the Community Center, Public Service, and DPW buildings through a purchase agreement at no cost to the City.
- Payroll included 69 full-time and 5 part-time positions with total salary expenditures of approximately \$6,590,000.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** The Government-wide financial statements are designed to provide 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 the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused compensated absences).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The

governmental activities of the City include legislative, general government, public safety, public works, recreation and culture. The business-type activities of the City include water and sewer operations.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 evaluating a City'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 City'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.

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 streets, local streets, municipal streets and ARPA funds which are major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual appropriated budget for its general fund and all special revenue funds as required by state law. Budgetary comparison schedules have been provided herein to demonstrate legal compliance.

**Proprietary funds** The City maintains one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operation. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes internal service funds to account for its motor pool and self-insurance activities. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operation, which is a major fund of the City. Conversely, internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements.

**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 statement because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension and OPEB information and major fund budget and actual presentations. Supplemental information follows the required supplementary information and includes combining and individual fund statements and schedules.

### Government-wide Financial Analysis

**Statement of Net Position** As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$37,736,166 at the close of the most recent fiscal year. The following chart illustrates the composition of net position.

### City of East Grand Rapids Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$15,370,676	\$18,598,187	\$ 2,621,719	\$1,773,230	\$17,992,395	\$20,371,417
Capital assets	29,453,732	27,927,130	13,710,127	13,281,483	43,163,859	41,208,613
<b>Total assets</b>	<b>44,824,408</b>	<b>46,525,317</b>	<b>16,331,846</b>	<b>15,054,713</b>	<b>61,156,254</b>	<b>61,580,030</b>
<b>Deferred outflows</b>	<b>1,098,596</b>	<b>1,996,151</b>	<b>34,111</b>	<b>38,946</b>	<b>1,132,707</b>	<b>2,035,097</b>
<b>Liabilities</b>						
Current liabilities	2,127,909	3,581,565	310,068	231,357	2,437,977	3,812,922
Long-term liabilities	20,655,791	25,187,617	97,834	119,265	20,753,625	25,306,882
<b>Total liabilities</b>	<b>22,783,700</b>	<b>28,769,182</b>	<b>407,902</b>	<b>350,622</b>	<b>23,191,602</b>	<b>29,119,804</b>
<b>Deferred inflows</b>	<b>1,323,779</b>	<b>1,217,418</b>	<b>37,414</b>	<b>40,513</b>	<b>1,361,193</b>	<b>1,257,931</b>
<b>Net position</b>						
Net investment in						
capital assets	22,211,433	21,720,432	13,710,127	13,281,483	35,921,560	35,001,915
Restricted	2,074,371	2,266,125	-	-	2,074,371	2,266,125
Unrestricted	(2,470,279)	(5,451,689)	2,210,514	1,421,041	(259,765)	(4,030,648)
<b>Total net position</b>	<b>\$21,815,525</b>	<b>\$18,534,868</b>	<b>\$15,920,641</b>	<b>\$14,702,524</b>	<b>\$37,736,166</b>	<b>\$33,237,392</b>

A substantial portion of the City's net position, \$35,921,560, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

**Statement of Activities** The City’s total revenue for the fiscal year ended June 30, 2024, was \$28,701,499 while total cost of all programs and services was \$24,202,725. This resulted in an increase in net position of \$4,498,774. The following table presents a summary of the changes in net position for the years ended June 30, 2024 and 2023.

### City of East Grand Rapids Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,548,457	\$ 1,775,498	\$ 5,161,888	\$ 4,784,063	\$ 6,710,345	\$ 6,559,561
Operating grants and contributions	4,417,796	2,335,891	-	-	4,417,796	2,335,891
Capital grants and contributions	2,278,921	8,177	-	-	2,278,921	8,177
General revenues						
Property taxes	12,879,988	12,163,236	-	-	12,879,988	12,163,236
State shared revenues	1,380,850	1,352,273	-	-	1,380,850	1,352,273
Cable franchise fees	149,133	171,762	-	-	149,133	171,762
Investment earnings	843,050	423,802	33	36	843,083	423,838
Gain on sale of capital assets	41,383	116,060	-	-	41,383	116,060
<b>Total revenues</b>	<b>23,539,578</b>	<b>18,346,699</b>	<b>5,161,921</b>	<b>4,784,099</b>	<b>28,701,499</b>	<b>23,130,798</b>
<b>Expenses</b>						
Legislative	28,871	27,647	-	-	28,871	27,647
General government	3,146,764	4,074,915	-	-	3,146,764	4,074,915
Public safety	4,977,405	4,344,864	-	-	4,977,405	4,344,864
Public works	5,693,585	5,410,618	-	-	5,693,585	5,410,618
Culture and recreation	5,849,521	3,058,753	-	-	5,849,521	3,058,753
Interest on long-term debt	312,775	328,195	-	-	312,775	328,195
Water and sewer	-	-	4,193,804	4,482,544	4,193,804	4,482,544
<b>Total expenses</b>	<b>20,008,921</b>	<b>17,244,992</b>	<b>4,193,804</b>	<b>4,482,544</b>	<b>24,202,725</b>	<b>21,727,536</b>
<b>Increase (decrease) before transfers</b>	<b>3,530,657</b>	<b>1,101,707</b>	<b>968,117</b>	<b>301,555</b>	<b>4,498,774</b>	<b>1,403,262</b>
<b>Transfers in (out)</b>	<b>(250,000)</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>3,280,657</b>	<b>1,101,707</b>	<b>1,218,117</b>	<b>301,555</b>	<b>4,498,774</b>	<b>1,403,262</b>
<b>Net position – beginning</b>	<b>18,534,868</b>	<b>17,433,161</b>	<b>14,702,524</b>	<b>14,400,969</b>	<b>33,237,392</b>	<b>31,834,130</b>
<b>Net position – ending</b>	<b>\$21,815,525</b>	<b>\$18,534,868</b>	<b>\$15,920,641</b>	<b>\$14,702,524</b>	<b>\$37,736,166</b>	<b>\$33,237,392</b>

**Governmental Activities** The preceding table shows that the governmental activities increased the City’s net position by \$3,280,657 during this fiscal year. The increases are explained below.

Revenues changes:

- Operating grants and contribution: This reflects the Pension grant of \$1.9 million that the City received and deposited into the Pension Trust account held with Fifth Third. The offsetting expense for this is in the General Fund expenditures
- Capital grants and contributions. The EGRPS system reimbursed the City for its portion of the projects that were completed at 3 school locations during the Playground renovation. This was
- Investment earnings: The City saw record investment earnings again this year ending close to \$843,050 in revenue, up from \$691,555 from last year.

Expense changes:

- **General Government:** The main decrease in this line is two-fold. The first is the \$1.9 million grant we received from the State. The second is the investment income that the City earned in the pension fund. These two factors lead to a large decrease in the liability the City has in the pension fund and a large pension entry of \$2.7. These totals combined is reflected in the decrease in the general government expenditures from 2023 to 2024 of \$923,000.
- **Publics Safety:** Increases here were based on overall increased costs of items purchased and wage increases by being close to fully staffed.
- **Public Works:** There were street projects that were rolled over to and completed in FY23 because of supply chain issues.
- **Culture and recreation:** Construction continued on the playground and Parks millage projects. \$1 million was completed in 2023 with an additional \$3.9 being completed in 2024.

**Business-type Activities** Business-type activities increased the City's net position by \$1,218,117 during the year. This increase is related to an increase in RTS and sewer rates for 2023-2024, which will be used for future projects. There was also some additional funding received from the General Fund for Lead Service Line replacement as well as some projects that were delayed until 2024-2025, which will use a portion of this increase.

### **Financial Analysis of the City'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. Unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,132,374, a decrease of \$1,381,675.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, a non-spendable fund balance of \$191,454 relates to prepaid assets and assigned fund balance of \$823,500 has been set aside and budgeted for subsequent year expenditures. Unassigned fund balance amounts to \$5,728,928, an increase of \$522,821 from FY23. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 35.4% of total general fund expenditures and transfers out.

The changes that attribute to this increase in fund balance for FY 24 are as follows.

- An increase in taxes received of 6.22%. Although Headlee only allows tax operating millages to increase 5% or CPI whatever is less, the City still was able to see a larger increase than this based on the uncapping of sold homes and new construction. This increase was \$600,000.
- The City earned over \$800,000 in investments this year, which is higher than the \$400,000 it earned last year was an increase in revenue.
- Expenditures did see an increase of approximately \$1.4 from last year, which was mainly from wage increases and the increase of supplies purchased for operations. With this increase in taxes and interest earned the City was still able to see an increase in the fund balance.

The major street fund is used to account for the receipt and expenditure of fuel and weight taxes, distributed by the State of Michigan, that are restricted for use on major streets by Act 51. The fund balance decreased by \$206,371 during the current fiscal year leaving a remaining fund balance of \$807,982. Revenue did remain flat as set by Act 51. Projects were down from last year. However, the City did not transfer any funds from the Municipal Street fund and chose to use the fund balance to offset the State revenue received, hence the decrease in fund balance.

The local street fund is used to account for the receipt and expenditure of fuel and weight taxes, distributed by the State of Michigan, that are restricted for use on local streets by Act 51. The fund balance decreased by \$293,637 during the current fiscal year leaving a remaining fund balance of \$162,945. This decrease is based on an increase in projects from last year. The City also chose to use the fund balance to offset the State revenue received and did not transfer the full amount that it had budgeted.

The municipal streets fund is used to account for the municipal street millage. The fund balance increased by \$293,059 during the current fiscal year leaving a remaining fund balance of \$1,004,241. This increase is from the City electing to not transfer as much funding to the Major and Local Street funds, having these funds use their existing fund balance. This fund balance is then restricted for future street projects as well as some street projects that were not completed by the end of the 2023-2024 fiscal year and will be completed in the 2024-2025 fiscal year.

The ARPA fund accounts for the proceeds from the American Rescue Plan Act. The amount remaining in this fund are restricted and committed to projects that will be completed by the end of the 2024-2025 fiscal. The funds that are still available are being deferred until expensed by the end of this year. This is why there is no change in fund balance.

The capital projects fund was established in FY2022 from bond proceeds and a \$628,000 transfer from the general fund to fund Parks Millage approved projects. The City used \$1.7 million of the bond proceeds which decreased the fund balance to \$3,305,759. This fund balance has been committed to future Parks projects such as Manhattan field playground and amenity upgrades.

**Proprietary funds** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's enterprise operation consists of the water and sewer fund which provides services to most residents and businesses of the City. This fund experienced an increase in net position of \$1,218,117 as discussed under business-type activities above.

### **General Fund Budgetary Highlights**

During the year there was an increase in revenue from the original to the amended in the amount of \$1,057,410. This is mainly three areas: interest, MCOLES grant for Public Safety recruits in the Police Academy, increased revenue in parks and recreation from increased enrollment and funding from Community foundation for various projects throughout the City.

There was an increase in expenditure from the original to the amended budget of approximately \$1,075,000. This relates to the Manhattan bike trail capital project being rolled from 2022-2023, various building capital improvements being rolled from 2022-2023 and the addition of the project management costs for managing the DTE project throughout the City. As shown in the activity explanation section, expenditures came in approximately \$1.2 million over budget. The main reasons for this were: projects moved to 2024-2025 based

on availability of vendors to complete the projects, stock of items to complete the project, and staff's time to manage the project.

The general fund originally budgeted for a decrease in fund balance of \$180,610. Based on changes to the amended budget it showed a decrease of \$198,200. The actual increase to fund balance was \$522,821 based on the information listed above. Of this \$522,821, approximately \$360,000 has been rolled into the 2024-2025 for the roll over projects.

The significant amount over budget was the result of recording the pension grant that it received from the State as a revenue and expenditure in the general fund. The City was not able to make the budget adjustment to properly reflect this transfer of the pension grant to the pension trust fund. The City did make the Commission aware of this.

### Capital Asset and Debt Administration

**Capital assets** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$43,163,859 (net of accumulated depreciation). Of this amount, \$29,453,732 was for its governmental activities and \$13,710,127 for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Current year additions included various equipment, parks and millage projects, building improvements and several road projects.

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

### City of East Grand Rapids Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,218,753	\$ 2,218,753	\$ -	\$ -	\$ 2,218,753	\$ 2,218,753
Land Improvements	1,446,494	871,533	-	-	1,446,494	871,533
Buildings	5,074,989	5,476,413	-	-	5,074,989	5,476,413
Building Improvements	876,261	596,464	-	-	876,261	596,464
Vehicles	2,260,404	2,357,163	-	-	2,260,404	2,357,163
Infrastructure	17,576,831	16,406,804	-	-	17,576,831	16,406,804
Water system	-	-	9,809,481	9,307,145	9,809,481	9,307,145
Water tower	-	-	12,014	17,489	12,014	17,489
Sewer system	-	-	2,916,462	3,042,464	2,916,462	3,042,464
Lift station	-	-	641,010	593,080	641,010	593,080
Drains	-	-	68,380	78,149	68,380	78,149
Meters	-	-	262,780	243,156	262,780	243,156
<b>Total capital assets net</b>	<b>\$29,453,732</b>	<b>\$27,927,130</b>	<b>\$13,710,127</b>	<b>\$13,281,483</b>	<b>\$43,163,859</b>	<b>\$41,208,613</b>

**Long-term debt** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$20,753,625. Of this amount, \$9,746,938 was for governmental activities debt; \$8,474,514 related to the net pension liability and \$2,532,173 related to the liability for other post-employment benefits.

Additional information on the City's long-term debt can be found in Note 9 to the financial statements.

During FY24 the net pension liability decreased \$3,365,691 as a result of 3 different occurrences that happened to the plan. First, the City received a grant from the State of Michigan for \$1.9 to assist in decreasing the liability of the plan and helping the plan become closer to 100% funded. Second was unanticipated but substantial market investment earnings. Last, a number of people left the plan which lowered the amount of future funding needs. The net OPEB liability decreased \$50,641 based on market earnings and plan utilization.

### **Economic Factors and Next Year's Budgets and Rates**

The City considered these factors in preparing the City's budget for the 2025 fiscal year.

- The economic vitality of the City
- Departmental needs and priorities
- Inflationary effect on expenses
- Legislative outlook
- Infrastructure maintenance and replacement
- Continuing of implementing Master Plan initiative and the Parks and Recreation Plan as well as thoughts on new items that may arise during the develop from updating the current Master Plan

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Finance Director, City of East Grand Rapids, 750 Lakeside Drive SE, East Grand Rapids, MI 49506.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF NET POSITION**

**JUNE 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and pooled investments	\$ 14,372,582	\$ 1,902,851	\$ 16,275,433
Accounts receivable	154,947	672,086	827,033
Due from other governments	462,628	-	462,628
Inventory	140,285	46,782	187,067
Prepaid items	240,234	-	240,234
Capital assets			
Land	2,218,753	-	2,218,753
Depreciable capital assets, net	<u>27,234,979</u>	<u>13,710,127</u>	<u>40,945,106</u>
<b>Total assets</b>	<u>44,824,408</u>	<u>16,331,846</u>	<u>61,156,254</u>
<b>Deferred outflows of resources</b>			
OPEB related	<u>1,098,596</u>	<u>34,111</u>	<u>1,132,707</u>
<b>Liabilities</b>			
Accounts payable	991,016	279,103	1,270,119
Accrued liabilities	345,076	11,110	356,186
Unearned revenue	393,547	-	393,547
Compensated absences	398,270	19,855	418,125
Noncurrent liabilities			
Debt due within one year	675,000	-	675,000
Other post-employment benefits liability	2,434,339	97,834	2,532,173
Net pension liability	8,474,514	-	8,474,514
Debt due in more than one year	<u>9,071,938</u>	<u>-</u>	<u>9,071,938</u>
<b>Total liabilities</b>	<u>22,783,700</u>	<u>407,902</u>	<u>23,191,602</u>
<b>Deferred inflows of resources</b>			
Pension related	230,604	-	230,604
OPEB related	1,049,255	37,414	1,086,669
Deferred gain on bond refunding	<u>43,920</u>	<u>-</u>	<u>43,920</u>
<b>Total deferred inflows of resources</b>	<u>1,323,779</u>	<u>37,414</u>	<u>1,361,193</u>
<b>Net position</b>			
Net investment in capital assets	22,211,433	13,710,127	35,921,560
Restricted for			
Streets	1,975,168	-	1,975,168
Capital projects	31,098	-	31,098
Public safety	41,520	-	41,520
Debt service	26,585	-	26,585
Unrestricted (deficit)	<u>(2,470,279)</u>	<u>2,210,514</u>	<u>(259,765)</u>
<b>Total net position</b>	<u>\$ 21,815,525</u>	<u>\$ 15,920,641</u>	<u>\$ 37,736,166</u>

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

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities					
Legislative	\$ 28,871	\$ -	\$ -	\$ -	\$ (28,871)
General government	3,146,764	347,984	2,534,232	-	(264,548)
Public safety	4,977,405	20,096	129,258	12,137	(4,815,914)
Public works	5,693,585	130,709	1,625,862	2,634	(3,934,380)
Parks and recreation	5,849,521	1,049,668	128,444	2,264,150	(2,407,259)
Interest on long-term debt	312,775	-	-	-	(312,775)
<b>Total governmental activities</b>	<b>20,008,921</b>	<b>1,548,457</b>	<b>4,417,796</b>	<b>2,278,921</b>	<b>(11,763,747)</b>
Business-type activities					
Water and sewer	4,193,804	5,161,888	-	-	968,084
<b>Total primary government</b>	<b>\$ 24,202,725</b>	<b>\$ 6,710,345</b>	<b>\$ 4,417,796</b>	<b>\$ 2,278,921</b>	<b>\$ (10,795,663)</b>

(continued)

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

**CITY OF EAST GRAND RAPIDS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net position</b>			
<b>Net (expense) revenue</b>	\$ (11,763,747)	\$ 968,084	\$ (10,795,663)
General revenues			
Property taxes	12,879,988	-	12,879,988
State shared revenues	1,380,850	-	1,380,850
Cable franchise fees	149,133	-	149,133
Unrestricted investment earnings	843,050	33	843,083
Gain on sale of capital assets	41,383	-	41,383
Transfers - internal activities	(250,000)	250,000	-
 Total general revenues and transfers	 <u>15,044,404</u>	 <u>250,033</u>	 <u>15,294,437</u>
 Change in net position	 3,280,657	 1,218,117	 4,498,774
 <b>Net position, beginning of year</b>	 <u>18,534,868</u>	 <u>14,702,524</u>	 <u>33,237,392</u>
 <b>Net position, end of year</b>	 <u>\$ 21,815,525</u>	 <u>\$ 15,920,641</u>	 <u>\$ 37,736,166</u>

(concluded)

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

**CITY OF EAST GRAND RAPIDS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2024

	General	Special Revenue				Capital Project Parks	Nonmajor Governmental Funds	Total
		Major Streets	Local Streets	Municipal Streets	ARPA			
<b>Assets</b>								
Cash and pooled investments	\$ 6,888,990	\$ 668,691	\$ 517,821	\$ 1,130,962	\$ 271,771	\$ 3,307,359	\$ 68,105	\$ 12,853,699
Accounts receivable	83,350	-	-	-	-	-	41,808	125,158
Due from other governments	230,111	169,046	63,471	-	-	-	-	462,628
Inventory	-	28,522	28,522	-	-	-	-	57,044
Prepaid items	191,454	-	-	-	-	-	-	191,454
<b>Total assets</b>	<b>\$ 7,393,905</b>	<b>\$ 866,259</b>	<b>\$ 609,814</b>	<b>\$ 1,130,962</b>	<b>\$ 271,771</b>	<b>\$ 3,307,359</b>	<b>\$ 109,913</b>	<b>\$ 13,689,983</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 359,454	\$ 53,643	\$ 442,235	\$ 126,721	\$ -	\$ 1,600	\$ -	\$ 983,653
Accrued liabilities	137,695	4,634	4,634	-	-	-	-	146,963
Unearned revenue	152,874	-	-	-	240,673	-	-	393,547
<b>Total liabilities</b>	<b>650,023</b>	<b>58,277</b>	<b>446,869</b>	<b>126,721</b>	<b>240,673</b>	<b>1,600</b>	<b>-</b>	<b>1,524,163</b>
<b>Deferred inflows of resources</b>								
Unavailable receivables	-	-	-	-	-	-	33,446	33,446
<b>Fund balances</b>								
Nonspendable								
Inventory	-	28,522	28,522	-	-	-	-	57,044
Prepaid items	191,454	-	-	-	-	-	-	191,454
Restricted								
Streets	-	779,460	134,423	1,004,241	-	-	8,362	1,926,486
Public safety								
Drug seizure	-	-	-	-	-	-	41,520	41,520
Debt service	-	-	-	-	-	-	26,585	26,585
Committed								
Turf replacement	-	-	-	-	-	547,200	-	547,200
Playgrounds	-	-	-	-	-	210,000	-	210,000
Park improvements	-	-	-	-	-	2,548,559	-	2,548,559
Assigned								
Capital projects	-	-	-	-	31,098	-	-	31,098
Subsequent year expenditures	823,500	-	-	-	-	-	-	823,500
Unassigned	5,728,928	-	-	-	-	-	-	5,728,928
<b>Total fund balances</b>	<b>6,743,882</b>	<b>807,982</b>	<b>162,945</b>	<b>1,004,241</b>	<b>31,098</b>	<b>3,305,759</b>	<b>76,467</b>	<b>12,132,374</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,393,905</b>	<b>\$ 866,259</b>	<b>\$ 609,814</b>	<b>\$ 1,130,962</b>	<b>\$ 271,771</b>	<b>\$ 3,307,359</b>	<b>\$ 109,913</b>	<b>\$ 13,689,983</b>

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

# CITY OF EAST GRAND RAPIDS

## RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2024

---

<b>Fund balances - total governmental funds</b>	<b>\$ 12,132,374</b>
---	----------------------

Amounts reported for *governmental activities* in the statement of net position are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	2,218,753
Add - capital assets (net of accumulated depreciation)	25,402,093

Certain assets are not due and receivable in the current period and therefore are offset with deferred inflows in the funds.

Add - special assessments deferred receivable	33,446
---	--------

Deferred inflows and outflows relate to future years and are not reported in the funds

Deduct - deferred inflows from pension related items	(230,604)
Add - deferred outflows from OPEB related items	1,098,596
Deduct - deferred inflows from OPEB related items	(1,049,255)

Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net position of governmental activities accounted for in the internal service funds	3,378,817
---	-----------

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(394,584)
Deduct - net other post-employment benefit liability	(2,434,339)
Deduct - net pension liability	(8,474,514)
Deduct - deferred gain on bond refunding	(43,920)
Deduct - long-term debt	(9,746,938)
Deduct - accrued interest on bonds payable	(74,400)

<b>Net position of governmental activities</b>	<b><u>\$ 21,815,525</u></b>
--	-----------------------------

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

**CITY OF EAST GRAND RAPIDS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue					Capital Project Parks	Nonmajor Governmental Funds	Total
	General	Major Streets	Local Streets	Municipal Streets	ARPA			
<b>Revenues</b>								
Taxes	\$ 10,352,550	\$ -	\$ -	\$ 1,577,768	\$ -	\$ -	\$ 949,670	\$ 12,879,988
Intergovernmental revenues								
Federal	-	-	-	-	454,191	-	-	454,191
State	3,483,770	1,157,670	456,582	-	-	-	-	5,098,022
Local	-	-	-	-	-	2,050,000	12,137	2,062,137
Licenses and permits	76,809	-	-	-	-	-	-	76,809
Charges for services	446,966	-	-	-	-	-	-	446,966
Recreation	1,049,668	-	-	-	-	-	-	1,049,668
Fines	16,476	-	-	-	-	-	-	16,476
Special assessments	-	-	-	-	-	-	10,996	10,996
Rentals	53,900	-	-	-	-	-	-	53,900
Investment earnings	833,769	2,553	64	8,993	41,270	128,444	-	1,015,093
Other	333,030	-	-	-	-	-	-	333,030
<b>Total revenues</b>	<b>16,646,938</b>	<b>1,160,223</b>	<b>456,646</b>	<b>1,586,761</b>	<b>495,461</b>	<b>2,178,444</b>	<b>972,803</b>	<b>23,497,276</b>
<b>Expenditures</b>								
Current								
Legislative	28,871	-	-	-	-	-	-	28,871
General government	5,181,090	-	-	-	-	-	-	5,181,090
Public safety	4,941,246	-	-	-	-	-	-	4,941,246
Public works	2,476,834	1,366,594	2,400,283	654,698	-	-	-	6,898,409
Parks and recreation	2,503,041	-	-	-	-	3,960,299	-	6,463,340
Debt service								
Principal	-	-	-	-	-	-	630,000	630,000
Interest	-	-	-	-	-	-	317,500	317,500
<b>Total expenditures</b>	<b>15,131,082</b>	<b>1,366,594</b>	<b>2,400,283</b>	<b>654,698</b>	<b>-</b>	<b>3,960,299</b>	<b>947,500</b>	<b>24,460,456</b>
Revenues over (under) expenditures	1,515,856	(206,371)	(1,943,637)	932,063	495,461	(1,781,855)	25,303	(963,180)
Other financing sources (uses)								
Transfers in	76,965	-	1,650,000	510,996	-	70,000	-	2,307,961
Transfers out	(1,070,000)	-	-	(1,150,000)	(495,460)	-	(10,996)	(2,726,456)
Total other financing sources (uses)	(993,035)	-	1,650,000	(639,004)	(495,460)	70,000	(10,996)	(418,495)
Net changes in fund balances	522,821	(206,371)	(293,637)	293,059	1	(1,711,855)	14,307	(1,381,675)
<b>Fund balances, beginning of year</b>	<b>6,221,061</b>	<b>1,014,353</b>	<b>456,582</b>	<b>711,182</b>	<b>31,097</b>	<b>5,017,614</b>	<b>62,160</b>	<b>13,514,049</b>
<b>Fund balances, end of year</b>	<b>\$ 6,743,882</b>	<b>\$ 807,982</b>	<b>\$ 162,945</b>	<b>\$ 1,004,241</b>	<b>\$ 31,098</b>	<b>\$ 3,305,759</b>	<b>\$ 76,467</b>	<b>\$ 12,132,374</b>

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

**CITY OF EAST GRAND RAPIDS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2024**

**Net changes in fund balances - total governmental funds** \$ (1,381,675)

Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	3,982,944
Deduct - depreciation expense	(2,338,009)
Deduct - net book value of disposed capital assets	(50,834)

Some receivables are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.

Deduct - special assessment receipts	(8,362)
--------------------------------------	---------

Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - principal payments on debt	630,000
Add - amortization of deferred gain on refunded debt	9,945
Add - amortization of bond premium	106,309

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	(18,259)
Add - decrease in net other post-employment benefits liability	49,304
Deduct - decrease in deferred outflows from OPEB related items	(178,296)
Add - decrease in deferred inflows from OPEB related items	114,298
Add - decrease in net pension liability	3,365,691
Deduct - decrease in deferred outflows from pension related items	(719,259)
Deduct - increase in deferred inflows from pension related items	(230,604)
Add - decrease in accrued interest	4,725

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Deduct - decrease in net position of the internal service funds	(57,261)
---	----------

**Change in net position of governmental activities** **\$ 3,280,657**

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

**CITY OF EAST GRAND RAPIDS**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION**

**JUNE 30, 2024**

	<u>Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Funds</u>
<b>Assets</b>		
Current assets		
Cash and pooled investments	\$ 1,902,851	\$ 1,518,883
Accounts receivable	672,086	29,789
Prepaid items	-	48,780
Inventory	<u>46,782</u>	<u>83,241</u>
Total current assets	2,621,719	1,680,693
Capital assets		
Depreciable capital assets, net	<u>13,710,127</u>	<u>1,832,886</u>
<b>Total assets</b>	<u>16,331,846</u>	<u>3,513,579</u>
<b>Deferred outflows of resources</b>		
OPEB related items	<u>34,111</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	279,103	7,363
Accrued liabilities	11,110	123,713
Compensated absences	<u>19,855</u>	<u>3,686</u>
Total current liabilities	310,068	134,762
Long-term liabilities		
Other post-employment benefits liability	<u>97,834</u>	<u>-</u>
<b>Total liabilities</b>	<u>407,902</u>	<u>134,762</u>
<b>Deferred inflows of resources</b>		
OPEB related items	<u>37,414</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	13,710,127	1,832,886
Unrestricted	<u>2,210,514</u>	<u>1,545,931</u>
<b>Total net position</b>	<u>\$ 15,920,641</u>	<u>\$ 3,378,817</u>

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

**CITY OF EAST GRAND RAPIDS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Internal Service Funds</b>
<b>Operating revenue</b>		
Charges for services	\$ 5,112,124	\$ 2,036,059
Other	49,764	135,038
<b>Total operating revenue</b>	<u>5,161,888</u>	<u>2,171,097</u>
<b>Operating expense</b>		
Personnel services	819,495	200,841
Contractual services	1,150,406	489,300
Materials and supplies	1,237,060	267,794
Equipment	160,120	6,088
Claims	-	887,740
Administration	138,709	209,721
Depreciation	638,456	385,941
Miscellaneous	49,558	92
<b>Total operating expense</b>	<u>4,193,804</u>	<u>2,447,517</u>
Operating income (loss)	<u>968,084</u>	<u>(276,420)</u>
Non-operating revenue (expense)		
Gain on sale of capital assets	-	41,383
Investment earnings	33	9,281
<b>Total non-operating revenue (expense)</b>	<u>33</u>	<u>50,664</u>
Income (loss) before transfers	968,117	(225,756)
Transfers in	<u>250,000</u>	<u>168,495</u>
Changes in net position	1,218,117	(57,261)
<b>Net position, beginning of year</b>	<u>14,702,524</u>	<u>3,436,078</u>
<b>Net position, end of year</b>	<u>\$ 15,920,641</u>	<u>\$ 3,378,817</u>

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

# CITY OF EAST GRAND RAPIDS

## PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities</b>		
Receipts from internal services provided	\$ -	\$ 2,143,800
Receipts from customers and users	5,127,695	-
Payments to employees	(825,180)	(200,833)
Payments to suppliers	(2,660,155)	(1,868,923)
	1,642,360	74,044
<b>Cash flows from non-capital financing activities</b>		
Transfers in	250,000	168,495
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of capital assets	-	46,439
Acquisitions of capital assets	(1,067,100)	(323,498)
	(1,067,100)	(277,059)
<b>Net cash provided by (used in) capital and related financing activities</b>		
<b>Cash flows from investing activities</b>		
Interest income	33	9,281
Net increase (decrease) in cash and pooled investments	825,293	(25,239)
<b>Cash and pooled investments, beginning of year</b>	1,077,558	1,544,122
<b>Cash and pooled investments, end of year</b>	\$ 1,902,851	\$ 1,518,883
<b>Cash flows from operating activities</b>		
Operating income (loss)	\$ 968,084	\$ (276,420)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	638,456	385,941
Deferred outflows of resources	4,835	-
Deferred inflows of resources	(3,099)	-
Change in operating assets and liabilities which provided (used) cash		
Accounts receivable	(34,193)	(27,297)
Prepaid and other assets	1,200	31,704
Inventory	9,797	(13,127)
Accounts payable	64,701	(918)
Accrued liabilities	(5,845)	(25,328)
Compensated absences	(239)	(511)
Net other post-employment benefits liability	(1,337)	-
	1,642,360	74,044
<b>Net cash provided by (used in) operating activities</b>	\$ 1,642,360	\$ 74,044

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

# CITY OF EAST GRAND RAPIDS

## FIDUCIARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2024

---

	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Fund</u>
<b>Assets</b>		
Cash and pooled investments	\$ 12,370	\$ 1,028
Investments	14,120,629	-
Accounts receivable	798	-
	14,133,797	1,028
<b>Total assets</b>	<b>14,133,797</b>	<b>1,028</b>
<b>Liabilities</b>		
Accounts payable	254,537	-
Accrued liabilities	31,298	-
Due to other governmental units	-	233
	285,835	233
<b>Total liabilities</b>	<b>285,835</b>	<b>233</b>
<b>Net position</b>		
Restricted for:		
Pension	12,280,497	-
Other post-employment benefits	1,567,465	-
Other organizations and other governments	-	795
	\$ 13,847,962	\$ 795

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

**CITY OF EAST GRAND RAPIDS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b><u>Pension and OPEB Trust Funds</u></b>	<b><u>Custodial Fund</u></b>
<b>Additions</b>		
Contributions:		
Employer	\$ 1,516,000	\$ -
Employee	9,398	-
Other	1,998,911	-
Property taxes collected for other governments	-	31,341,428
Investment earnings (loss)	<u>1,743,912</u>	<u>-</u>
<b>Total Additions</b>	<u>5,268,221</u>	<u>31,341,428</u>
<b>Deductions</b>		
Benefits	1,745,921	-
Property taxes distributed to other governments	-	31,341,428
Administrative expenses	<u>169,973</u>	<u>-</u>
<b>Total deductions</b>	<u>1,915,894</u>	<u>31,341,428</u>
Net increase (decrease)	3,352,327	-
<b>Net position, beginning of year</b>	<u>10,495,635</u>	<u>795</u>
<b>Net position, end of year</b>	<u>\$ 13,847,962</u>	<u>\$ 795</u>

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

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of East Grand Rapids, Michigan (the “City”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

#### ***Reporting Entity***

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’s operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. The City has no component units.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

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, except for reimbursement-based grants, state shared revenue and interest which use a one-year collection 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, pension and OPEB liabilities, and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for repairs and equipment utilization and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services (including claims), administration expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Fund* accounts for funds specifically intended for the maintenance and construction of major streets. Financing is provided from Public Act 51 State Shared Gas and Weight Tax and transfers from the City's municipal street millage fund.

The *Local Streets Fund* accounts for funds specifically intended for the maintenance and construction of local streets. Financing is provided from Public Act 51 State Shared Gas and Weight Tax and transfers from the City's municipal street millage fund.

The *Municipal Streets Fund* accounts for the proceeds of a voted millage specifically intended for the maintenance and construction of streets.

The *ARPA Fund* accounts for the proceeds and expenditures of the American Rescue Plan Act funding received by the City.

The *Parks Fund* accounts for the issuance of bonds and accumulation of other funding along with the disbursement of resources for parks related capital projects of the City.

The City reports the following major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the City's sewer and water department that provides sewer and water services on a user charge basis.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

Additionally, the City reports the following fund types:

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Capital Project Fund* accounts for the accumulation and disbursement of resources for a street project within a special assessment district.

The *Internal Service Funds* are used to account for equipment and vehicle purchases, repairs and maintenance and claims and benefits services provided to the City departments on a cost reimbursement basis.

The *Pension and Other Post-Employment Benefits Trust Fund* is used to account for the operations of the City's pension and other post-employment benefits plans which provides retirement benefits to the City's employees.

The *Custodial Funds* are used to account for the collection and disbursement of funds, such as property taxes, that are collected on behalf of employees, outside governments or other parties.

#### ***Budgets and Budgetary Accounting***

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. By June 30th the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditure budgets of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Commission. The City Manager is authorized to transfer budgeted amounts within an activity subject to the condition that the total expenditures do not exceed the approved appropriations for each fund. The Commission approves the annual budget at the activity level. Supplemental appropriations were necessary during the year.

#### ***Cash and Pooled Investments***

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

---

***Investments***

Investments are stated at fair value at the balance sheet date.

City investment policy allows for all investments authorized by State statutes. State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The City Pension and OPEB plans are also allowed to invest in corporate debt and equity securities.

***Receivables/Due from Other Governments***

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

***Prepaid Items***

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid and other assets in both the government-wide and fund financial statements following the consumption method.

***Inventory***

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations. Inventory is accounted for following the consumption method.

***Capital Assets***

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Water and Sewage Systems	20-50
Buildings and improvements	10-35
Vehicles and equipment	4-20
Infrastructure	5-20

#### ***Unearned Revenue***

Governmental funds report *unearned revenue* for resources that have been received, but not yet earned. At the end of the current fiscal year, the unearned revenue reported in the general and ARPA funds consisted of amounts received in advance.

#### ***Compensated Absences***

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded on the statement of net position and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net position of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources. The balances of compensated absences are all considered current liabilities at year-end.

#### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as another financing use. Issuance costs are reported as expenditures/expenses in all funds and activities.

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

---

***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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has items that are reported in this category related to OPEB items as discussed in Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has items reported in this category related to deferred bond refunding gains which are amortized over the life of the bond, pension items as discussed in Note 7 and OPEB items as discussed in Note 8, and unavailable assessments receivable reported in the fund financial statements.

***Fund Equity***

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund balance can only be committed by resolution of the City Commission. The City Commission has delegated the authority to assign fund balance to the City Manager.

The City's policy requires the general fund to maintain between 20% and 25% of budgeted expenditures in unassigned fund balance.

***Net Position and Fund Balance Flow Assumptions***

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/fund balance and unrestricted – net position/fund balance, 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 use restricted resources first, then unrestricted resources as they are needed. 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.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### **Property Taxes**

City property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before August 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units are accounted for in the custodial funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

Property taxes are levied on July 1 of each year are recognized as revenue in that year. The City's 2023 taxable value was \$907,013,889 for which they levied 11.5214 mills for general fund operations, 1.7567 mills for roads and 1.0574 mills for debt service.

#### **Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

PA. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown at the activity level. The approved budgets of the City for these budgetary funds were adopted at the activity level.

During the current year, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<b>General Fund</b>			
General Government – Other	\$1,580,800	\$3,545,319	\$1,964,519
Parks and Rec – Programming	112,300	112,956	656
<b>Major Streets Fund</b>			
Engineering	141,530	144,177	2,647
<b>Local Streets Fund</b>			
Street administration	92,200	94,895	2,695

## **3. DEFICIT NET POSITION**

At June 30, 2024, the City reported a deficit unrestricted net position in its governmental activities of \$2,470,279.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$16,275,433	\$ 13,398	\$16,288,831
Investments	-	14,120,629	14,120,629
	<u>\$16,275,433</u>	<u>\$14,134,027</u>	<u>\$30,409,460</u>

The cash and investments making up the above balances are as follows:

Deposits	\$1,522,603
Petty cash	1,254
Investments	<u>28,885,603</u>
Total	<u>\$30,409,460</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of June 30, 2024, \$955,090 of the City's bank balance of \$1,205,090 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

#### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Governmental activities			
Kent County Investment Pool	N/A	\$ 2,687,932	N/A
Michigan CLASS Investment Pool	N/A	12,077,042	S&P AAAM
Other Post-employment Benefits Trust fund			
Missionsquare II Model portfolio Conservative Fund	N/A	1,823,376	N/A

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Maturity</u>	<u>Fair Value</u>	<u>Morningstar Rating</u>
Pension Trust fund			
Federated government obligation institutional shares	N/A	\$ 271,833	N/A
Fixed income securities:			
Baird Intermediate Bond Fund	N/A	1,294,245	5 star
Cohen & Steers PFD Securities and Income Fund	N/A	55,172	4 star
Dodge & Cox Income Fund	N/A	262,910	5 star
Doubleline Total Return Bond Fund	N/A	261,421	3 star
Guggenheim Limited Duration Instl	N/A	258,918	5 star
Vanguard Short-Term Bond Index Fund	N/A	519,873	2 star
Virtus Convertible Inst	N/A	54,939	4 star
Artisan High Income Fund	N/A	356,309	5 star
AQR Diversified Arbitrage Fund	N/A	54,567	N/A
Equity securities:			
Domestic equities:			
Brown Advisory Sustainable Growth Fund	N/A	1,334,020	N/A
Fidelity 500 Index Fund	N/A	2,684,388	N/A
Invesco S&P 500 GARP ETF	N/A	1,364,394	N/A
JPMorgan Equity Income Fund	N/A	-	N/A
Conestoga FDS Small Cap Fund	N/A	117,037	N/A
Fidelity Small Cap	N/A	60,207	N/A
Fidelity Mid Cap Index Instl	N/A	139,403	N/A
Spdr Portfolio S&P 400	N/A	109,218	N/A
Vanguard Mid Cap Growth Index	N/A	61,981	N/A
Allspring Funds Special Small Cap	N/A	119,367	N/A
International equities:			
Dodge & Cox International Stock Fund	N/A	277,061	N/A
Fidelity International Index	N/A	274,821	N/A
Grandeur Peak International Stalwarts Inst.	N/A	131,117	N/A
Harding Loevner Int'l Equity Inst. Fund	N/A	274,696	N/A
ESG Aware MSCI EAFE ETF	N/A	412,098	N/A
Emerging markets equities:			
Baillie Gifford Emerging Market Fund	N/A	329,098	N/A
Seafarer Overseas Growth & Income Fund	N/A	290,496	N/A
Equity related strategy equities:			
Neuberger Berman Long Short Fund	N/A	77,296	N/A
Alternative strategies securities:			
Credit Suisse Managed Futures Strategy Fund	N/A	18,232	N/A
Boston Partners Emerging Markets Fund	N/A	15,310	N/A
RBB FD Abbey CP Str1	N/A	45,714	N/A
Stone Ridge High Yield Fund	N/A	45,565	N/A
Real assets:			
Cohen & Steers Realty Shares	N/A	430,118	N/A
IShares S&P Global Infrastructure Index Fund	N/A	295,429	N/A
Total Pension Trust fund		<u>12,297,253</u>	
<b>Total investments</b>		<u><b>\$28,885,603</b></u>	

The City categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

The City has the following recurring fair value measurements as of year-end.

- The Pension Trust Fund equity securities are valued using quoted market prices (Level 1 inputs).
- The Missionsquare II Model Portfolio Conservative Fund, the Pension Trust Fund fixed income securities, the Kent County Pool and the Michigan CLASS investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool (Level 2 inputs).
- The City does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The aforementioned investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

#### ***Investment and deposit risk***

*Interest Rate Risk.* State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. There is no stated maturity date for the City's investments identified above.

At June 30, 2024 the balance of the Kent County Public Funds Investment Pool consisted of the following:

<u>Investment</u>	<u>Percentage of pool total</u>	<u>Maturity in years</u>
Government agency securities	31%	0-5
Certificates of deposits	47%	0-5
Deposits, money markets and other pools	22%	Not applicable

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, qualified external investment pools and other investments as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above pooled and mutual fund investments, the City's custodial credit risk exposure cannot be determined because the City's participation in the pool/funds does not consist of specifically identifiable securities.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 5. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2024 are as follows:

<u>Transfers in</u>	<u>Transfers out</u>				<u>Total</u>
	<u>General fund</u>	<u>Municipal streets fund</u>	<u>ARPA fund</u>	<u>Nonmajor governmental funds</u>	
General fund	\$ -	\$ -	\$76,965	\$ -	<b>\$ 76,965</b>
Local streets fund	500,000	1,150,000	-	-	<b>1,650,000</b>
Municipal streets fund	500,000	-	-	10,996	<b>510,996</b>
Parks fund	70,000	-	-	-	<b>70,000</b>
Water Sewer Fund	-	-	250,000	-	<b>250,000</b>
Internal Service Fund	-	-	168,495	-	<b>168,495</b>
	<b>\$1,070,000</b>	<b>\$1,150,000</b>	<b>\$495,460</b>	<b>\$10,996</b>	<b>\$2,726,456</b>

Transfers are used to (1) move unrestricted revenues collected in the general fund and restricted revenues collected in the municipal streets fund to finance streets and other capital projects along with other various programs accounted for in other funds and (2) move restricted ARPA revenues to the funds that are authorized to expend the resources in accordance with their restricted purpose.

#### 6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,218,753	\$ -	\$ -	\$ 2,218,753
<b>Capital assets, being depreciated</b>				
Land improvements	2,452,600	702,873	-	3,155,473
Buildings	12,451,655	-	-	12,451,655
Building improvements	4,208,327	353,660	-	4,561,987
Vehicles and equipment	6,997,173	525,913	496,844	7,026,242
Infrastructure	35,668,214	2,723,996	-	38,392,210
Total capital assets, being depreciated	61,777,969	4,306,442	496,844	65,587,567
Less accumulated depreciation for				
Land improvements	1,581,067	127,913	-	1,708,980
Buildings	6,975,242	401,424	-	7,376,666
Building improvements	3,611,863	73,863	-	3,685,726
Vehicles and equipment	4,640,010	566,782	440,954	4,765,838
Infrastructure	19,261,410	1,553,968	-	20,815,378
Total accumulated depreciation	36,069,592	2,723,950	440,954	38,352,588
<b>Net capital assets, being depreciated</b>	<b>25,708,377</b>	<b>1,582,492</b>	<b>55,890</b>	<b>27,234,979</b>
<b>Governmental Activities capital assets, net</b>	<b>\$27,927,130</b>	<b>\$1,582,492</b>	<b>\$ 55,890</b>	<b>\$29,453,732</b>

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
<b>Business-type Activities</b>				
<b>Capital assets being depreciated</b>				
Sewer system	\$10,183,775	\$ 36,045	\$ -	\$10,219,820
Water system	13,989,509	913,538	-	14,903,047
Lift station	1,040,804	83,250	-	1,124,054
Water tower	617,425	-	-	617,425
Drains	1,726,036	-	-	1,726,036
Meters	634,570	34,267	-	668,837
Total capital assets, being depreciated	28,192,119	1,067,100	-	29,259,219
Less accumulated depreciation for				
Sewer system	7,141,310	162,048	-	7,303,358
Water system	4,682,363	411,203	-	5,093,566
Lift station	447,724	35,320	-	483,044
Water tower	599,937	5,474	-	605,411
Drains	1,647,887	9,769	-	1,657,656
Meters	391,415	14,642	-	406,057
Total accumulated depreciation	14,910,636	638,456	-	15,549,092
<b>Net capital assets, being depreciated</b>	13,281,483	428,644	-	13,710,127
<b>Business-type Activities capital assets, net</b>	<b>\$13,281,483</b>	<b>\$428,644</b>	<b>\$ -</b>	<b>\$13,710,127</b>

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

<b>Governmental Activities</b>	
General government	\$ 515,806
Public safety	50,130
Public works	1,588,205
Recreation and culture	183,868
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	385,941
<b>Total depreciation expense - governmental activities</b>	<b>\$2,723,950</b>
 <b>Business-type Activities</b>	
Water and sewer	\$638,456

## 7. PENSION PLANS

### *Defined Benefit Plan*

#### *Plan Description*

The City of East Grand Rapids Retirement Plan (the Plan) is a single employer defined benefit pension plan providing retirement benefits to a portion of certain current and past City employees. The Plan is included as a pension trust fund in the City's financial statements. This plan is closed to new entrants, and a stand-alone financial report of the Plan has not been issued.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

#### **Benefits Provided**

Benefits provided include a multiplier of 2.50 times final average compensation with a vesting period of 10 years. Normal retirement age is 60 with early retirement at 50 with 25 or 55 with 15 to 25 years of service with various benefits. Benefits are calculated using final average compensation of 3 or 5 years depending on the employee's position and classification.

Membership of the defined benefit plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Active plan members	1
Inactive employees entitled but not yet receiving benefits	5
Inactive employees or beneficiaries currently receiving benefits	<u>43</u>
Total	<u>49</u>

#### **Contributions**

The City is required to contribute at an actuarially determined rate, which for the current year was \$1,309,343. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 3.77% to 5.0% percent of gross wages to the Plan based on position and classification. The contribution requirements of employees are established and may be amended by labor agreements. The plan also calls for the City to contribute amounts sufficient to fund the plan in accordance with minimum funding standards of the Internal Revenue Code. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

#### **Net Pension Liability**

The employer's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

The total pension liability in the June 30, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2%

Salary Increases: 3.00%

Investment rate of return: 5.54%, net of investment expense, including inflation

Mortality rates used were Pub-2010 Public Retirement Plans Mortality Tables for General and Public Safety Employees; annuitant and non-annuitant, sex-distinct with modified MP-2021 improvement factors

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study performed with the actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return</u>
Global Equity	63.0%	5.76%	2.37%
Fixed Income	25.0%	5.04%	0.76%
Real Estate	6.0%	7.77%	0.35%
Cash	3.0%	2.97%	0.03%
Other	3.0%	3.19%	0.03%
Inflation			2.00%
Discount rate			5.54%

#### Discount rate

The discount rate used to measure the total pension liability is 5.54% (6.12% for 2023). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at June 30, 2023	\$20,852,764	\$9,012,559	\$11,840,205
Changes for the Year:			
Service cost	22,024	-	22,024
Interest	1,228,123	-	1,228,123
Change in benefits	-	-	-
Differences between expected and actual experience	(633,993)	-	(633,993)
Change in assumptions	917,684	-	917,684
Contributions: employer	-	1,380,000	(1,380,000)
Contributions: employee	-	9,398	(9,398)
Contributions: State Grant	-	1,965,045	(1,965,045)
Net investment income	-	1,575,290	(1,575,290)
Benefit payments, including refunds	(1,614,835)	(1,614,835)	-
Administrative expense	-	(30,204)	30,204
Other	-	-	-
Net changes	(80,997)	3,284,694	(3,365,691)
Balance at June 30, 2024	\$20,771,767	\$12,297,253	\$ 8,474,514

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 5.54%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (4.54%) or higher (6.54%) than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total pension liability	\$22,882,792	\$20,771,767	\$18,990,655
Fiduciary net position	12,297,253	12,297,253	12,297,253
Net pension liability	\$10,585,539	\$ 8,474,514	\$ 6,693,402

#### Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2024 the employer recognized pension expense of \$929,220. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
(Excess) deficit investment returns	-	230,604
Total	\$ -	\$230,604

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding contributions subsequent to the measurement date) will be recognized in pension expense as follows:

2025	\$ 70,523
2026	141,100
2027	(242,091)
2028	(200,136)
<b>Total</b>	<b>\$(230,604)</b>

#### Defined Contribution Plan

The City also maintains a defined contribution retirement plan administered by ICMA-RC. The plan has a vesting period of 5 years and can be amended by City Council within the limits of various union agreements. The City's contribution for the year was \$864,672 and employee contributions were \$128,999. The Plan covers all employees whose contributions are determined based on their position and classification as follows:

City services employees hired on or after July 7, 1999 and all City services employees hired prior to July 7, 1999 who elected to convert from the defined benefit plan on July 7, 1999. City services employees contribute 6% and the City contributes 10.5% of the participants' salaries to the Plan.

Non-union employees hired on or after July 1, 1999 and all non-union employees hired prior to July 1, 1999 who elected to convert from the defined benefit plan on July 1, 1999. Non-Union employees have the option to contribute up to 1% of their salary to the plan. The City is required to contribute 15% of the participants' salaries and match the employees' optional contribution.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

---

All public safety officers, lieutenants, and sergeants hired on or after January 1, 2002 and all officers, lieutenants and sergeants hired prior to January 1, 2002 who elected to convert to the defined contribution plan on January 1, 2002. Public safety participants are required to contribute 3.77-3.81% of their salary to the plan. The City is required to contribute 15% of the participants' salaries to the Plan.

#### 8. OTHER POST-EMPLOYMENT BENEFITS

##### ***Plan Description***

The City maintains a single-employer defined benefit healthcare plan (the "Plan"). The Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance funded on a discretionary basis. The Plan is included as an other post-employment benefits trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

This plan is closed to new entrants as of October 2020.

##### ***Benefits provided***

The plan provides 100% of health insurance benefits to eligible retirees and their spouse until age 65. Dependents are covered until age 26. Eligibility is determined based on position and classification and is maintained until the employee is eligible for federal Medicare coverage at age 65.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2024):

Active plan members	46
Retirees and beneficiaries receiving benefits	<u>17</u>
Total	<u><u>63</u></u>

##### ***Contributions***

The Plan was established and is being funded under the authority of the City Commission. The Plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation. There are no long-term contracts for contributions to the Plan. The plan has no legally required reserves.

##### ***Net OPEB Liability***

The total OPEB liability in the June 30, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: included in investment rate of return

Salary Increases: 3.0%

Investment rate of return: 6.55%, including inflation

Healthcare cost trend rates: 7.25% per year

20-year Aa Municipal bond rate: 4.21%

Mortality rates used headcount weighted mortality tables with improvement scale MP-2021.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The long-term expected rate of return on OPEB plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Equities	40.1%	8.57%
International equity	4.0%	7.10%
Fixed income	55.9%	5.06%

The sum of each target benefit times its long-term expected real rate, plus inflation, is 6.55%.

Discount rate. The discount rate used to measure the total OPEB liability for June 30, 2024 is 4.52% (4.47% for 2023). The projection of cash flows used to determine the discount rate assumes that no City contributions will be made as assets are drawn down to pay retiree benefits. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current members through 2030. For projected benefits that are expected to be covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

#### Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net OPEB Liability</u> <u>(a)-(b)</u>
Balance at June 30, 2023	\$4,100,857	\$1,518,043	\$2,582,814
Changes for the Year:			
Service cost	102,051	-	102,051
Interest	182,122	-	182,122
Change in benefits	-	-	-
Differences between expected and actual experience	(16,819)	-	(16,819)
Change in assumptions	19,695	-	19,695
Contributions: employer	-	169,068	(169,068)
Contributions: employee	-	-	-
Net investment income	-	170,303	(170,303)
Benefit payments, including refunds	(257,177)	(257,177)	-
Administrative expense	-	(1,681)	1,681
Other changes	-	-	-
Net changes	29,872	80,513	(50,641)
Balance at June 30, 2024	<u>\$4,130,729</u>	<u>\$1,598,556</u>	<u>\$2,532,173</u>

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

**Sensitivity of the Net OPEB Liability to changes in the discount rate.**

The following presents the net OPEB liability of the employer, calculated using the discount rate of 4.52%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current Discount rate	1% Increase
Total OPEB liability	\$4,460,814	\$4,130,729	\$3,834,797
Fiduciary net position	1,598,556	1,598,556	1,598,556
Net OPEB liability	\$2,862,258	\$2,532,173	\$2,236,241
Plan fiduciary net position as a percentage of the total OPEB liability	39%		

**Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates.**

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 7.25%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate.

	1% Decrease	Current healthcare cost trend rate	1% Increase
Total OPEB liability	\$3,738,559	\$4,130,729	\$4,592,929
Fiduciary net position	1,598,556	1,598,556	1,598,556
Net OPEB liability	\$2,140,003	\$2,532,173	\$2,994,373

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan**

For the year ended June 30, 2024 the employer recognized OPEB expense of \$184,160. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 663,688	\$ (691,512)
Differences in assumptions	469,019	(378,460)
Excess (deficit) investment returns	-	(16,697)
Total	\$1,132,707	\$(1,086,669)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$ (1,593)
2026	35,015
2027	(14,711)
2028	(6,783)
2029	7,156
Thereafter	26,955
Total	\$46,039

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

#### 9. CONDENSED FINANCIAL INFORMATION - PENSION AND OPEB PLANS

##### Statement of Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 12,370	\$ -	\$ 12,370
Investments	12,297,253	1,823,376	14,120,629
Accounts receivable	-	798	798
Prepaid items	-	-	-
<b>Total assets</b>	12,309,623	1,824,174	14,133,797
<b>Liabilities</b>			
Accounts payable	29,126	225,411	254,537
Accrued liabilities	-	31,298	31,298
<b>Total liabilities</b>	29,126	256,709	285,835
<b>Net position</b>			
Restricted for pension and other post-employment benefits	\$12,280,497	\$1,567,465	\$13,847,962

##### Statement of Changes in Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Additions</b>			
Contributions			
Employer	\$1,380,000	\$136,000	\$ 1,516,000
Employee	9,398	-	9,398
Other	1,965,045	33,866	1,998,911
<b>Total Contributions</b>	3,354,443	169,866	3,524,309
Investment income			
Change in investment fair value	1,298,531	168,623	1,467,154
Interest and dividends	306,962	-	306,962
<b>Total investment income (loss)</b>	1,605,493	168,623	1,774,116
Investment expense	(30,204)	-	(30,204)
<b>Net investment income (loss)</b>	1,575,289	168,623	1,743,912
<b>Total Additions</b>	4,929,732	338,489	5,268,221
<b>Deductions</b>			
Benefits	1,614,835	131,086	1,745,921
Administrative expense	45,359	124,614	169,973
<b>Total deductions</b>	1,660,194	255,700	1,915,894
Change in net position	3,269,538	82,789	3,352,327
<b>Net position, beginning of year</b>	9,010,959	1,484,676	10,495,635
<b>Net position, end of year</b>	\$12,280,497	\$1,567,465	\$13,847,962

**CITY OF EAST GRAND RAPIDS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**10. LONG-TERM DEBT**

The following is a summary of the debt transactions of the City for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>Public Placement Bonds</b>					
\$5,180,000 Unlimited Tax General Obligation Bonds, Series 2022; due in annual installments of \$210,000 to \$330,000 through April 2042, plus interest at 3.0% to 3.5%	\$ 4,965,000	\$ -	\$ 210,000	\$ 4,755,000	\$215,000
\$5,665,000 Unlimited Tax General Obligation Refunding Bonds, Series 2021; due in annual installments of \$370,000 to \$515,000 through April 2033, plus interest at 2% to 4%	4,905,000	-	420,000	4,485,000	460,000
<b>Total Public Placement Bonds</b>	<b>9,870,000</b>	<b>-</b>	<b>630,000</b>	<b>9,240,000</b>	<b>675,000</b>
Unamortized premium	613,247	-	106,309	506,938	98,324
Accrued compensated absences	380,522	398,270	380,522	398,270	398,270
<b>Total Governmental Activities</b>	<b>\$10,863,769</b>	<b>\$398,270</b>	<b>\$1,116,831</b>	<b>\$10,145,208</b>	<b>\$1,171,594</b>
<b>Business-type Activities</b>					
Accrued compensated absences	<b>\$20,094</b>	<b>\$19,855</b>	<b>\$20,094</b>	<b>\$19,855</b>	<b>\$19,855</b>

Compensated absences of governmental funds are generally liquidated with general fund resources.

The annual requirements to amortize all debt outstanding (excluding unamortized premium and accrued compensated absences) as of June 30, 2024 are as follows:

<u>Governmental Activities</u>		
<u>Public Placement Bonds</u>		
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 675,000	\$ 297,600
2026	715,000	277,350
2027	740,000	255,900
2028	740,000	228,550
2029	745,000	201,250
2030-2034	3,240,000	624,550
2035-2039	1,425,000	298,650
2040-2042	960,000	67,900
<b>Total</b>	<b>\$9,240,000</b>	<b>\$2,251,750</b>

# CITY OF EAST GRAND RAPIDS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

The debt documents contain various provisions that in the event of default, the City shall be required to use money from its general fund or levy an ad valorem tax sufficient to pay the obligation, subject to applicable constitutional, statutory, and charter limitations.

#### 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year.

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

The City is self-funded for employees' health benefits. The claims liability of \$44,544 reported at June 30, 2024 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The activity of the self-funded insurance is accounted for in the Health Insurance Internal Service fund. An excess coverage insurance policy covers claims in excess of \$50,000 per covered individual. There were no changes in insurance coverage from the prior year other than an increase in the premium contribution for all coverage levels. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are charges to various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in the history of the self-insurance program, and there have been no significant reductions in insurance coverage from the prior year.

The changes in the claims liability, all of which are due within one year, for the years ended June 30, 2024 and 2023 were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2024	\$47,640	\$867,367	\$870,463	\$44,544
2023	39,479	678,499	670,338	47,640

#### 12. CONSTRUCTION CODE FEES

The City oversees building construction in accordance with the State of Michigan Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. During the year, the City collected fees of \$15,255 with related direct and indirect expenditures in excess of that amount.

**CITY OF EAST GRAND RAPIDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

---

**13. CONTINGENCIES**

In the normal course of its operations, the City has become a party in various legal actions. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management believes such disallowances, if any, will not be material to the financial position of the City.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 10,359,900	\$ 10,359,900	\$ 10,352,550	\$ (7,350)
Intergovernmental revenues				
State	1,395,320	1,526,940	3,483,770	1,956,830
Licenses and permits	90,000	71,500	76,809	5,309
Charges for services	464,000	449,000	446,966	(2,034)
Recreation	1,024,770	1,086,890	1,049,668	(37,222)
Fines	27,000	18,100	16,476	(1,624)
Rentals	53,900	53,900	53,900	-
Investment earnings	275,000	800,000	833,769	33,769
Other	26,600	330,670	333,030	2,360
<b>Total revenues</b>	<u>13,716,490</u>	<u>14,696,900</u>	<u>16,646,938</u>	<u>1,950,038</u>
<b>Expenditures</b>				
Current				
Legislative	30,200	29,900	28,871	1,029
General government	3,082,970	3,252,960	5,181,090	(1,928,130)
Public safety	4,977,330	5,010,650	4,941,246	69,404
Public works	2,523,350	3,004,060	2,476,834	527,226
Parks and recreation	2,213,250	2,604,530	2,503,041	101,489
<b>Total expenditures</b>	<u>12,827,100</u>	<u>13,902,100</u>	<u>15,131,082</u>	<u>(1,228,982)</u>
<b>Revenues over (under) expenditures</b>	<u>889,390</u>	<u>794,800</u>	<u>1,515,856</u>	<u>721,056</u>
Other financing sources (uses)				
Transfers in	-	77,000	76,965	(35)
Transfers out	(1,070,000)	(1,070,000)	(1,070,000)	-
<b>Total other financing sources (uses)</b>	<u>(1,070,000)</u>	<u>(993,000)</u>	<u>(993,035)</u>	<u>(35)</u>
Net changes in fund balance	(180,610)	(198,200)	522,821	721,021
<b>Fund balance, beginning of year</b>	<u>6,221,061</u>	<u>6,221,061</u>	<u>6,221,061</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,040,451</u>	<u>\$ 6,022,861</u>	<u>\$ 6,743,882</u>	<u>\$ 721,021</u>

# CITY OF EAST GRAND RAPIDS

## MAJOR STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2024**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 1,061,330	\$ 1,061,330	\$ 1,157,670	\$ 96,340
Investment earnings	-	-	2,553	2,553
<b>Total revenues</b>	<u>1,061,330</u>	<u>1,061,330</u>	<u>1,160,223</u>	<u>98,893</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	1,027,300	1,021,990	954,582	67,408
Street construction	226,900	172,980	172,934	46
Street administration	105,000	105,000	94,901	10,099
Engineering	82,300	141,530	144,177	(2,647)
<b>Total expenditures</b>	<u>1,441,500</u>	<u>1,441,500</u>	<u>1,366,594</u>	<u>74,906</u>
Revenues over (under) expenditures	(380,170)	(380,170)	(206,371)	173,799
Other financing sources (uses)				
Transfers in	380,170	380,170	-	(380,170)
Net changes in fund balance	-	-	(206,371)	(206,371)
<b>Fund balance, beginning of year</b>	<u>1,014,353</u>	<u>1,014,353</u>	<u>1,014,353</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,014,353</u>	<u>\$ 1,014,353</u>	<u>\$ 807,982</u>	<u>\$ (206,371)</u>

**CITY OF EAST GRAND RAPIDS**

**LOCAL STREETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 397,930	\$ 397,930	\$ 456,582	\$ 58,652
Investment earnings	-	-	64	64
<b>Total revenues</b>	<u>397,930</u>	<u>397,930</u>	<u>456,646</u>	<u>58,716</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	1,004,300	1,030,400	906,629	123,771
Street construction	1,325,100	1,399,100	1,398,759	341
Street administration	113,300	92,200	94,895	(2,695)
<b>Total expenditures</b>	<u>2,442,700</u>	<u>2,521,700</u>	<u>2,400,283</u>	<u>121,417</u>
Revenues over (under) expenditures	(2,044,770)	(2,123,770)	(1,943,637)	180,133
Other financing source (uses)				
Transfers in	<u>2,044,770</u>	<u>2,044,770</u>	<u>1,650,000</u>	<u>(394,770)</u>
Net changes in fund balance	-	(79,000)	(293,637)	(214,637)
<b>Fund balance, beginning of year</b>	<u>456,582</u>	<u>456,582</u>	<u>456,582</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 456,582</u>	<u>\$ 377,582</u>	<u>\$ 162,945</u>	<u>\$ (214,637)</u>

# CITY OF EAST GRAND RAPIDS

## MUNICIPAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,578,500	\$ 1,578,500	\$ 1,577,768	\$ (732)
Investment earnings	5,000	5,000	8,993	3,993
<b>Total revenues</b>	<u>1,583,500</u>	<u>1,583,500</u>	<u>1,586,761</u>	<u>3,261</u>
<b>Expenditures</b>				
Current				
Public works				
Street maintenance	606,250	611,250	604,795	6,455
Street construction	55,000	50,000	49,903	97
<b>Total expenditures</b>	<u>661,250</u>	<u>661,250</u>	<u>654,698</u>	<u>6,552</u>
Revenues over (under) expenditures	<u>922,250</u>	<u>922,250</u>	<u>932,063</u>	<u>9,813</u>
Other financing source (uses)				
Transfers in	510,500	510,500	510,996	496
Transfers out	(1,924,940)	(1,924,940)	(1,150,000)	774,940
Total other financing sources (uses)	<u>(1,414,440)</u>	<u>(1,414,440)</u>	<u>(639,004)</u>	<u>775,436</u>
Net changes in fund balance	(492,190)	(492,190)	293,059	785,249
<b>Fund balance, beginning of year</b>	<u>711,182</u>	<u>711,182</u>	<u>711,182</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 218,992</u>	<u>\$ 218,992</u>	<u>\$ 1,004,241</u>	<u>\$ 785,249</u>

**CITY OF EAST GRAND RAPIDS**

**AMERICAN RESCUE PLAN ACT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Federal	\$ -	\$ 455,500	\$ 454,191	\$ (1,309)
Investment earnings	<u>20,000</u>	<u>40,000</u>	<u>41,270</u>	<u>1,270</u>
<b>Total revenues</b>	20,000	495,500	495,461	(39)
<b>Expenditures</b>				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	20,000	495,500	495,461	(39)
Other financing source (uses)				
Transfers out	<u>-</u>	<u>(495,500)</u>	<u>(495,460)</u>	<u>40</u>
Net changes in fund balance	20,000	-	1	1
<b>Fund balance, beginning of year</b>	<u>31,097</u>	<u>31,097</u>	<u>31,097</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 51,097</u>	<u>\$ 31,097</u>	<u>\$ 31,098</u>	<u>\$ 1</u>

**DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION  
LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024
<b>Total pension liability</b>										
Service cost	\$ 52,264	\$ 53,644	\$ 55,650	\$ 52,483	\$ 41,833	\$ 46,802	\$ 70,203	\$ 43,062	\$ 29,284	\$ 22,024
Interest	1,418,426	1,361,488	1,439,882	1,403,486	1,416,984	1,408,165	2,033,696	1,322,952	1,311,609	1,228,123
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	268,503	(284,896)	383,019	121,807	257,416	595,749	(136,720)	(169,969)	(633,993)
Changes in assumptions	-	921,755	-	-	-	570,530	1,552,491	(52,344)	1,129,596	917,684
Benefit payments including employee refunds	(1,606,741)	(1,684,931)	(1,653,090)	(1,674,899)	(1,654,980)	(1,731,729)	(2,452,929)	(1,744,837)	(1,699,417)	(1,614,835)
Other	-	42,544	-	-	1	-	-	-	24,633	-
<b>Net change in total pension liability</b>	(136,051)	963,003	(442,454)	164,089	(74,355)	551,184	1,799,210	(567,887)	625,736	(80,997)
<b>Total pension liability, beginning of year</b>	17,970,289	17,834,238	18,797,241	18,354,787	18,518,876	18,444,521	18,995,705	20,794,915	20,227,028	20,852,764
<b>Total pension liability, end of year</b>	\$ 17,834,238	\$ 18,797,241	\$ 18,354,787	\$ 18,518,876	\$ 18,444,521	\$ 18,995,705	\$ 20,794,915	\$ 20,227,028	\$ 20,852,764	\$ 20,771,767
<b>Plan Fiduciary Net Position</b>										
Contributions-employer	\$ 750,996	\$ 815,262	\$ 968,148	\$ 1,123,500	\$ 1,240,368	\$ 1,354,386	\$ 1,961,020	\$ 1,101,442	\$ 1,300,000	\$ 1,380,000
Contributions-State grant	-	-	-	-	-	-	-	-	-	1,965,045
Contributions-employee	18,124	15,034	17,480	14,249	14,080	11,242	10,853	7,663	8,539	9,398
Net investment income	600,334	(132,612)	931,223	1,125,955	(354,678)	1,141,559	1,743,692	(1,231,438)	781,207	1,575,290
Benefit payments including employee refunds	(1,606,741)	(1,684,931)	(1,653,090)	(1,674,899)	(1,654,980)	(1,731,729)	(2,452,929)	(1,744,837)	(1,699,417)	(1,614,835)
Administrative expense	(21,858)	(19,970)	(18,426)	(17,873)	(17,783)	(19,634)	(23,467)	(24,633)	(39,135)	(30,204)
Other changes	-	-	-	-	-	-	-	-	24,633	-
<b>Net change in plan fiduciary net position</b>	(259,145)	(1,007,217)	245,335	570,932	(772,993)	755,824	1,239,169	(1,891,803)	375,827	3,284,694
<b>Plan fiduciary net position, beginning of year</b>	9,756,630	9,497,485	8,490,268	8,735,603	9,306,535	8,533,542	9,289,366	10,528,535	8,636,732	9,012,559
<b>Plan fiduciary net position, end of year</b>	\$ 9,497,485	\$ 8,490,268	\$ 8,735,603	\$ 9,306,535	\$ 8,533,542	\$ 9,289,366	\$ 10,528,535	\$ 8,636,732	\$ 9,012,559	\$ 12,297,253
<b>Total net pension liability</b>	\$ 8,336,753	\$ 10,306,973	\$ 9,619,184	\$ 9,212,341	\$ 9,910,979	\$ 9,706,339	\$ 10,266,380	\$ 11,590,296	\$ 11,840,205	\$ 8,474,514
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	53.3%	45.2%	47.6%	50.3%	46.3%	48.9%	50.6%	42.7%	43.2%	59.2%
<b>Covered payroll</b>	\$ 415,614	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170	219,813	119,289
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	2005.9%	2421.0%	2198.5%	2291.1%	3055.0%	2938.5%	5251.4%	5514.7%	5386.5%	7104.2%

**Notes to schedule:**

Above data is based on a December 31 measurement date for years 2014 through 2019. Subsequent to 2019, the measurement date is June 30.

**CITY OF EAST GRAND RAPIDS**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ 736,644	\$ 893,880	\$ 1,042,416	\$ 1,204,584	\$ 1,276,152	\$ 1,432,620	\$ 1,761,020	\$ 1,101,442	\$ 1,332,918	\$ 1,309,343
Contributions in relation to the actuarially determined contribution	<u>736,644</u>	<u>893,880</u>	<u>1,042,416</u>	<u>1,204,584</u>	<u>1,276,152</u>	<u>1,432,620</u>	<u>1,961,020</u>	<u>1,101,442</u>	<u>1,300,000</u>	<u>1,380,000</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)	\$ -	\$ 32,918	\$ (70,657)
Covered payroll	\$ 415,614	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170	\$ 219,813	\$ 119,289
Contributions as a percentage of covered employee payroll	177%	210%	238%	300%	393%	434%	1003%	524%	591%	1157%
<b>Money weighted rate of investment return net of expenses</b>	6.46%	-1.25%	11.03%	12.68%	-3.78%	13.03%	17.83%	-12.59%	9.30%	15.07%

**Notes to schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	15 years
Asset valuation method	5 year smoothed
Inflation	2.00% (2.5% for 2015 through 2020)
Salary increases	3.00% (3.75% for 2015 through 2019)
Investment rate of return	6.75% (7.0% for 2021; 7.35% for 2020; 7.75% for 2015 through 2019)
Retirement age	Varies depending on plan adoption
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for General and Public Safety Employees; annuitant and non-annuitant, sex-distinct with modified MP-2021 improvement factors (20% female/ 50% male RP-2014 mortality table for years 2015 through 2020)

**CITY OF EAST GRAND RAPIDS**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB**  
**LIABILITY AND RELATED RATIOS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB liability</b>								
Service cost	\$ 140,181	\$ 148,494	\$ 151,489	\$ 165,617	\$ 179,047	\$ 149,711	\$ 104,016	\$ 102,051
Interest	179,527	114,168	117,156	123,553	113,377	92,604	139,591	182,122
Changes in benefit terms	(126,139)	-	-	-	-	-	-	-
Difference between expected and actual experience	(767,215)	137,121	90,081	74,393	(436,636)	(89,455)	637,085	(16,819)
Changes in assumptions	425,060	53,689	46,177	138,896	88,761	(484,970)	61,476	19,695
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)	(267,339)	(257,177)
<b>Net change in total OPEB liability</b>	<u>(223,617)</u>	<u>227,217</u>	<u>306,466</u>	<u>249,394</u>	<u>(171,736)</u>	<u>(449,580)</u>	<u>674,829</u>	<u>29,872</u>
<b>Total OPEB liability, beginning of year</b>	<u>3,487,884</u>	<u>3,264,267</u>	<u>3,491,484</u>	<u>3,797,950</u>	<u>4,047,344</u>	<u>3,875,608</u>	<u>3,426,028</u>	<u>4,100,857</u>
<b>Total OPEB liability, end of year</b>	<u>\$ 3,264,267</u>	<u>\$ 3,491,484</u>	<u>\$ 3,797,950</u>	<u>\$ 4,047,344</u>	<u>\$ 3,875,608</u>	<u>\$ 3,426,028</u>	<u>\$ 4,100,857</u>	<u>\$ 4,130,729</u>
<b>Plan Fiduciary Net Position</b>								
Contributions-employer	\$ 75,031	\$ 226,255	\$ 112,437	\$ 253,065	\$ 244,388	\$ 100,000	\$ 100,000	\$ 169,068
Contributions-employee	-	-	-	-	-	-	-	-
Net investment income	79,601	48,773	68,663	59,639	240,533	(178,154)	101,743	170,303
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)	(267,339)	(257,177)
Administrative expense	-	-	-	-	(1,500)	(93,849)	(1,587)	(1,681)
Other	-	-	-	-	-	20,920	-	-
<b>Net change in plan fiduciary net position</b>	<u>79,601</u>	<u>48,773</u>	<u>82,663</u>	<u>59,639</u>	<u>367,136</u>	<u>(268,553)</u>	<u>(67,183)</u>	<u>80,513</u>
<b>Plan fiduciary net position, beginning of year</b>	<u>1,215,967</u>	<u>1,295,568</u>	<u>1,344,341</u>	<u>1,427,004</u>	<u>1,486,643</u>	<u>1,853,779</u>	<u>1,585,226</u>	<u>1,518,043</u>
<b>Plan fiduciary net position, end of year</b>	<u>\$ 1,295,568</u>	<u>\$ 1,344,341</u>	<u>\$ 1,427,004</u>	<u>\$ 1,486,643</u>	<u>\$ 1,853,779</u>	<u>\$ 1,585,226</u>	<u>\$ 1,518,043</u>	<u>\$ 1,598,556</u>
<b>Employer net OPEB liability</b>	<u>\$ 1,968,699</u>	<u>\$ 2,147,143</u>	<u>\$ 2,370,946</u>	<u>\$ 2,560,701</u>	<u>\$ 2,021,829</u>	<u>\$ 1,840,802</u>	<u>\$ 2,582,814</u>	<u>\$ 2,532,173</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	40%	39%	38%	37%	48%	46%	37%	39%
<b>Covered payroll</b>	\$ 5,022,780	\$ 5,086,305	\$ 5,236,223	\$ 4,091,493	\$ 3,787,778	\$ 3,625,985	\$ 3,688,642	\$ 3,927,414
<b>Employer's net OPEB liability as a percentage of covered employee payroll</b>	39%	42%	45%	63%	53%	51%	70%	64%

This schedule is being accumulated prospectively until ten years of data is presented.

**CITY OF EAST GRAND RAPIDS**

**OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contributions	\$ -	\$ 300,886	\$ 325,111	\$ 334,974	\$ 361,946	\$ 301,486	\$ 283,826	\$ 358,772
Contributions in relation to the actuarially determined contribution	99,352	226,255	112,437	253,065	244,388	100,000	100,000	169,068
Contribution deficiency (excess)	<u>\$ (99,352)</u>	<u>\$ 74,631</u>	<u>\$ 212,674</u>	<u>\$ 81,909</u>	<u>\$ 117,558</u>	<u>\$ 201,486</u>	<u>\$ 183,826</u>	<u>\$ 189,704</u>
Covered payroll	\$ 5,022,780	\$ 5,086,305	\$ 5,236,223	\$ 4,091,493	\$ 3,787,778	\$ 3,625,985	\$ 3,688,642	\$ 3,927,414
Contributions as a percentage of covered employee payroll	2%	4%	2%	6%	6%	3%	3%	4%
<b>Money weighted rate of investment return net of expenses</b>	6.34%	3.70%	4.96%	4.09%	14.40%	-10.36%	6.56%	10.93%

**Notes to schedule**

Actuarial cost method	Entry Age Normal (level percent)
Amortization method	Level percent, closed
Remaining amortization period	14 years (average future service)
Asset valuation method	Market value
Discount rate	4.47% (2.1% for 2022, 3.26% for 2018, 3.46% for 2017)
Salary increases	3.0% (2.25% through 2022)
Investment rate of return	6.83% (4.28% for 2022, 3.85% for 2021, 4.36% for 2019, 6.44% for 2018, 7.31% for 2017)
20-year Aa Municipal bond yield	4.11% (4.09% for 2022, 2.18% for 2021, 2.66% for 2020, 3.15% for 2019, 3.1% for 2018)
Retirement age	Varies depending on plan adoption
Mortality	Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement

**State of Michigan PA 202 information**

Actuarially recommended contributions in accordance with PA 202	\$ 375,810
Minimum required contribution under PA 202	15,672
Actual contribution	169,068
Contribution for employees hired after June 30, 2018 (included above)	15,672

State of Michigan PA 202 assumptions, if different from GASB

Discount rate - 3.91%
Salary scale - 3.25%

This schedule is being accumulated prospectively until ten years of data is presented.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Basis of Accounting**

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**(This page left intentionally blank)**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

# CITY OF EAST GRAND RAPIDS

## GENERAL FUND

---

The *General Fund* accounts for revenues and expenditures that are not required to be accounted for in another fund. In the City of East Grand Rapids, the functions of the General Fund include general government, public safety, public works, culture & recreation, and debt service not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, charges for services, transfers from other funds, fees and interest.

**(This page left intentionally blank)**

**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 10,339,900	\$ 10,339,900	\$ 10,337,518	\$ (2,382)
Interest and penalties on property taxes	20,000	20,000	15,032	(4,968)
Total taxes	10,359,900	10,359,900	10,352,550	(7,350)
Intergovernmental revenue				
State shared revenue	1,371,320	1,371,750	1,363,466	(8,284)
Community stabilization	21,000	21,000	21,007	7
State grants	3,000	134,190	2,099,297	1,965,107
Total intergovernmental revenue	1,395,320	1,526,940	3,483,770	1,956,830
Licenses and permits				
Business licenses	15,000	15,000	15,700	700
Building permits	60,000	40,000	41,185	1,185
Other	15,000	16,500	19,924	3,424
Total licenses and permits	90,000	71,500	76,809	5,309
Charges for services				
Administrative charges	130,000	130,000	130,000	-
Cable television franchise fees	170,000	152,000	149,133	(2,867)
Cable tower rental	81,000	83,000	82,899	(101)
Cable television capital fees	33,000	32,000	31,816	(184)
Right-of-way fees	50,000	52,000	53,118	1,118
Total charges for services	464,000	449,000	446,966	(2,034)
Recreation fees	1,024,770	1,086,890	1,049,668	(37,222)
Fines and penalties	27,000	18,100	16,476	(1,624)
Rentals				
Library rental fee	53,900	53,900	53,900	-
Investment earnings	275,000	800,000	833,769	33,769
Other revenue				
Other	25,000	47,000	50,151	3,151
Miscellaneous revenue	1,600	283,670	282,879	(791)
Total other revenue	26,600	330,670	333,030	2,360
<b>Total revenues</b>	<b>\$ 13,716,490</b>	<b>\$ 14,696,900</b>	<b>\$ 16,646,938</b>	<b>\$ 1,950,038</b>

**CITY OF EAST GRAND RAPIDS**

**GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
City Commission	\$ 30,200	\$ 29,900	\$ 28,871	\$ 1,029
Total legislative	<u>30,200</u>	<u>29,900</u>	<u>28,871</u>	<u>1,029</u>
General government				
City manager	421,710	470,880	464,416	6,464
City attorney	300,000	250,000	233,016	16,984
Elections	34,500	51,300	45,413	5,887
City assessor	148,860	166,800	164,852	1,948
Finance	701,200	733,180	728,074	5,106
Other	<u>1,476,700</u>	<u>1,580,800</u>	<u>3,545,319</u>	<u>(1,964,519)</u>
Total general government	<u>3,082,970</u>	<u>3,252,960</u>	<u>5,181,090</u>	<u>(1,928,130)</u>
Public safety				
General activity	4,971,830	4,998,650	4,929,782	68,868
State programs	<u>5,500</u>	<u>12,000</u>	<u>11,464</u>	<u>536</u>
Total public safety	<u>4,977,330</u>	<u>5,010,650</u>	<u>4,941,246</u>	<u>69,404</u>
Public works				
City buildings	1,291,440	1,549,180	1,173,694	375,486
Zoning administration	187,900	152,450	151,402	1,048
City services	-	223,000	128,642	94,358
Street lighting	105,100	104,000	99,817	4,183
Wealthy streetscape maintenance	218,010	265,530	260,770	4,760
Waste collection	508,200	491,600	452,333	39,267
Lake restoration	22,000	22,000	15,715	6,285
Tree maintenance and removal	<u>190,700</u>	<u>196,300</u>	<u>194,461</u>	<u>1,839</u>
Total public works	<u>2,523,350</u>	<u>3,004,060</u>	<u>2,476,834</u>	<u>527,226</u>
Parks and recreation				
Parks	832,680	1,178,580	1,138,882	39,698
Pool	274,290	313,860	313,584	276
Special events	150,010	148,730	115,359	33,371
Recreation programing	97,300	112,300	112,956	(656)
Grounds maintenance	426,950	435,410	420,142	15,268
Recreation sports	228,340	222,200	217,273	4,927
Middle school sports	70,010	68,330	60,973	7,357
Acquatic club	<u>133,670</u>	<u>125,120</u>	<u>123,872</u>	<u>1,248</u>
Total culture and recreation	<u>2,213,250</u>	<u>2,604,530</u>	<u>2,503,041</u>	<u>101,489</u>
<b>Total expenditures</b>	<b>\$ 12,827,100</b>	<b>\$ 13,902,100</b>	<b>\$ 15,131,082</b>	<b>\$ (1,228,982)</b>

# CITY OF EAST GRAND RAPIDS

## NONMAJOR FUNDS

---

### Special Revenue Fund:

The Drug Law Enforcement Fund (265) was created in FY 2016-17 and is utilized to purchase various capital items as revenues are received related to drug seizures on the State and Federal level.

### Debt Service Funds:

The Municipal Complex fund (372) was established to account for the bond payments on the Municipal Complex bond issue. Each year the tax levy will be placed in this fund as revenues and the debt service payment will be paid out of this fund as expenditures.

The Parks Millage fund (308) was established to account for the bond payments on the 2022 general obligation bonds. The final payment is due in fiscal year 2042.

### Capital Projects Fund:

The Special Assessments fund (810) was established to account for any assessments levied specifically for various capital projects.

### Internal Service Funds:

The Motor Pool fund (695) accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The Health Insurance fund (677) accounts for the costs of purchasing health insurance for City employees. Costs are billed to the user departments based on insurance rates for the personnel within the department and are adjusted annually.

**(This page left intentionally blank)**

**CITY OF EAST GRAND RAPIDS**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2024**

	Special Revenue	Debt Service		Capital Projects	<u>Total</u>
	<u>Drug Law Enforcement</u>	<u>Municipal Complex</u>	<u>Parks Millage</u>	<u>Special Assessments</u>	
<b>Assets</b>					
Cash and pooled investments	\$ 41,520	\$ 20,266	\$ 6,319	\$ -	\$ 68,105
Accounts receivable	-	-	-	41,808	41,808
<b>Total assets</b>	<u>\$ 41,520</u>	<u>\$ 20,266</u>	<u>\$ 6,319</u>	<u>\$ 41,808</u>	<u>\$ 109,913</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	-	-	-	-	-
<b>Deferred inflows of resources</b>					
Unavailable receivable	-	-	-	33,446	33,446
<b>Fund balances</b>					
Restricted					
Streets	-	-	-	8,362	8,362
Drug seizure	41,520	-	-	-	41,520
Debt service	-	20,266	6,319	-	26,585
<b>Total fund balances</b>	<u>41,520</u>	<u>20,266</u>	<u>6,319</u>	<u>8,362</u>	<u>76,467</u>
<b>Total liabilities and fund balances</b>	<u>\$ 41,520</u>	<u>\$ 20,266</u>	<u>\$ 6,319</u>	<u>\$ 41,808</u>	<u>\$ 109,913</u>

**CITY OF EAST GRAND RAPIDS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue	Debt Service		Capital Projects	Total
	Drug Law Enforcement	Municipal Complex	Parks Millage	Special Assessments	
<b>Revenues</b>					
Taxes	\$ -	\$ 583,691	\$ 365,979	\$ -	\$ 949,670
Intergovernmental revenues					
Local	12,137	-	-	-	12,137
Special assessments	-	-	-	10,996	10,996
<b>Total revenues</b>	<u>12,137</u>	<u>583,691</u>	<u>365,979</u>	<u>10,996</u>	<u>972,803</u>
<b>Expenditures</b>					
Current					
Public safety	-	-	-	-	-
Debt service					
Principal	-	420,000	210,000	-	630,000
Interest	-	163,250	154,250	-	317,500
<b>Total expenditures</b>	<u>-</u>	<u>583,250</u>	<u>364,250</u>	<u>-</u>	<u>947,500</u>
Revenues over (under) expenditures	12,137	441	1,729	10,996	25,303
Other financing sources (uses)					
Transfers out	-	-	-	(10,996)	(10,996)
Net changes in fund balances	12,137	441	1,729	-	14,307
<b>Fund balances, beginning of year</b>	<u>29,383</u>	<u>19,825</u>	<u>4,590</u>	<u>8,362</u>	<u>62,160</u>
<b>Fund balances, end of year</b>	<u>\$ 41,520</u>	<u>\$ 20,266</u>	<u>\$ 6,319</u>	<u>\$ 8,362</u>	<u>\$ 76,467</u>

**CITY OF EAST GRAND RAPIDS**

**DRUG LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
Local	\$ -	\$ 12,140	\$ 12,137	\$ (3)
<b>Expenditures</b>				
Current				
Public safety				
Drug law enforcement	-	-	-	-
Net changes in fund balance	-	12,140	12,137	(3)
<b>Fund balance, beginning of year</b>	<u>29,383</u>	<u>29,383</u>	<u>29,383</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 29,383</u>	<u>\$ 41,523</u>	<u>\$ 41,520</u>	<u>\$ (3)</u>

**CITY OF EAST GRAND RAPIDS**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION**

**JUNE 30, 2024**

<b>Assets</b>	<b>Motor Pool</b>	<b>Health Insurance</b>	<b>Total</b>
Current assets			
Cash and pooled investments	\$ 883,154	\$ 635,729	\$ 1,518,883
Accounts receivable	663	29,126	29,789
Prepaid and other assets	25,896	22,884	48,780
Inventory	<u>83,241</u>	<u>-</u>	<u>83,241</u>
 Total current assets	 <u>992,954</u>	 <u>687,739</u>	 <u>1,680,693</u>
Capital assets			
Capital assets being depreciated	5,652,553	-	5,652,553
Less accumulated depreciation	<u>(3,819,667)</u>	<u>-</u>	<u>(3,819,667)</u>
 Net capital assets	 <u>1,832,886</u>	 <u>-</u>	 <u>1,832,886</u>
 <b>Total assets</b>	 <u>2,825,840</u>	 <u>687,739</u>	 <u>3,513,579</u>
 <b>Liabilities</b>			
Current liabilities			
Accounts payable	7,363	-	7,363
Accrued liabilities	2,732	120,981	123,713
Compensated absences	<u>3,686</u>	<u>-</u>	<u>3,686</u>
 Total liabilities	 <u>13,781</u>	 <u>120,981</u>	 <u>134,762</u>
 <b>Net position</b>			
Net investment in capital assets	1,832,886	-	1,832,886
Unrestricted	<u>979,173</u>	<u>566,758</u>	<u>1,545,931</u>
 Total net position	 <u>\$ 2,812,059</u>	 <u>\$ 566,758</u>	 <u>\$ 3,378,817</u>

**CITY OF EAST GRAND RAPIDS**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Motor Pool</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Operating revenue</b>			
Charges for services	\$ 813,050	\$ 1,223,009	\$ 2,036,059
Other	<u>19,913</u>	<u>115,125</u>	<u>135,038</u>
<b>Total operating revenue</b>	<u>832,963</u>	<u>1,338,134</u>	<u>2,171,097</u>
<b>Operating expense</b>			
Salaries and wages	200,841	-	200,841
Contracted services	15,475	473,825	489,300
Materials and supplies	267,794	-	267,794
Equipment	6,088	-	6,088
Claims	-	887,740	887,740
Administration	-	209,721	209,721
Depreciation	385,941	-	385,941
Miscellaneous	<u>92</u>	<u>-</u>	<u>92</u>
<b>Total operating expense</b>	<u>876,231</u>	<u>1,571,286</u>	<u>2,447,517</u>
Operating income (loss)	<u>(43,268)</u>	<u>(233,152)</u>	<u>(276,420)</u>
Non-operating revenue (expense)			
Gain on sale of capital assets	41,383	-	41,383
Investment earnings	<u>1,362</u>	<u>7,919</u>	<u>9,281</u>
Total non-operating revenue (expense)	<u>42,745</u>	<u>7,919</u>	<u>50,664</u>
Income (loss) before transfers	(523)	(225,233)	(225,756)
Transfers in	<u>168,495</u>	<u>-</u>	<u>168,495</u>
Changes in net position	167,972	(225,233)	(57,261)
<b>Net position, beginning of year</b>	<u>2,644,087</u>	<u>791,991</u>	<u>3,436,078</u>
<b>Net position, end of year</b>	<u>\$ 2,812,059</u>	<u>\$ 566,758</u>	<u>\$ 3,378,817</u>

**CITY OF EAST GRAND RAPIDS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Motor Pool</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from internal services provided	\$ 833,216	\$ 1,310,584	\$ 2,143,800
Payments to employees	(200,833)	-	(200,833)
Payments to suppliers	(296,674)	(1,572,249)	(1,868,923)
<b>Net cash provided by (used in) operating activities</b>	<u>335,709</u>	<u>(261,665)</u>	<u>74,044</u>
<b>Cash flows from non-capital financing activities</b>			
Transfers in	<u>168,495</u>	-	<u>168,495</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	46,439	-	46,439
Acquisitions of capital assets	(323,498)	-	(323,498)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(277,059)</u>	-	<u>(277,059)</u>
<b>Cash flows from investing activities</b>			
Interest income	<u>1,362</u>	<u>7,919</u>	<u>9,281</u>
Net increase (decrease) in cash and pooled investments	228,507	(253,746)	(25,239)
<b>Cash and pooled investments, beginning of year</b>	<u>654,647</u>	<u>889,475</u>	<u>1,544,122</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 883,154</u>	<u>\$ 635,729</u>	<u>\$ 1,518,883</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ (43,268)	\$ (233,152)	\$ (276,420)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	385,941	-	385,941
Change in operating assets and liabilities which provided (used) cash			
Accounts receivable	253	(27,550)	(27,297)
Prepaid and other assets	6,820	24,884	31,704
Inventory	(13,127)	-	(13,127)
Accounts payable	(918)	-	(918)
Accrued liabilities	519	(25,847)	(25,328)
Compensated absences	(511)	-	(511)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 335,709</u>	<u>\$ (261,665)</u>	<u>\$ 74,044</u>

## **STATISTICAL SECTION**

# CITY OF EAST GRAND RAPIDS

## STATISTICAL SECTION

---

This part of City of East Grand Rapids' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures reveal about the City's overall financial health.

### **Contents**

### **Page**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

69-73

#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source; which is property taxes.

74-78

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

79-82

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

83

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

84

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

**CITY OF EAST GRAND RAPIDS**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Investment in capital assets, net of related debt	\$ 13,060,627	\$ 15,064,727	\$ 16,876,604	\$ 17,956,801	\$ 19,534,630	\$ 19,852,141	\$ 21,147,644	\$ 20,910,882	\$ 21,720,432	\$ 22,211,433
Restricted	1,621,753	1,240,479	1,035,308	1,299,459	1,003,730	1,524,609	1,651,644	2,264,399	2,266,125	2,074,371
Unrestricted	<u>(4,035,439)</u>	<u>(5,219,839)</u>	<u>(6,326,401)</u>	<u>(6,432,121)</u>	<u>(5,822,334)</u>	<u>(6,110,404)</u>	<u>(7,555,708)</u>	<u>(5,742,120)</u>	<u>(5,451,689)</u>	<u>(2,470,279)</u>
Total governmental activities net assets	<u>\$ 10,646,941</u>	<u>\$ 11,085,367</u>	<u>\$ 11,585,511</u>	<u>\$ 12,824,139</u>	<u>\$ 14,716,026</u>	<u>\$ 15,266,346</u>	<u>\$ 15,243,580</u>	<u>\$ 17,433,161</u>	<u>\$ 18,534,868</u>	<u>\$ 21,815,525</u>
Business-type activities:										
Investment in capital assets, net of related debt	\$ 8,886,720	\$ 9,680,505	\$ 10,491,597	\$ 10,897,151	\$ 11,741,121	\$ 12,426,545	\$ 12,825,555	\$ 12,990,112	\$ 13,281,483	\$ 13,710,127
Restricted										
Unrestricted	<u>1,022,589</u>	<u>313,486</u>	<u>455,105</u>	<u>719,491</u>	<u>544,930</u>	<u>509,716</u>	<u>1,059,979</u>	<u>1,410,857</u>	<u>1,421,041</u>	<u>2,210,514</u>
Total business-type activities net assets	<u>\$ 9,909,309</u>	<u>\$ 9,993,991</u>	<u>\$ 10,946,702</u>	<u>\$ 11,616,642</u>	<u>\$ 12,286,051</u>	<u>\$ 12,936,261</u>	<u>\$ 13,885,534</u>	<u>\$ 14,400,969</u>	<u>\$ 14,702,524</u>	<u>\$ 15,920,641</u>
Primary government:										
Net investment in capital assets	\$ 21,947,347	\$ 24,745,232	\$ 27,368,201	\$ 28,853,952	\$ 31,275,751	\$ 32,278,686	\$ 33,973,199	\$ 33,900,994	\$ 35,001,915	\$ 35,921,560
Restricted	1,621,753	1,240,479	1,035,308	1,299,459	1,003,730	1,524,609	1,651,644	2,264,399	2,266,125	2,074,371
Unrestricted	<u>(3,012,850)</u>	<u>(4,906,353)</u>	<u>(5,871,296)</u>	<u>(5,712,630)</u>	<u>(5,277,404)</u>	<u>(5,600,688)</u>	<u>(6,495,729)</u>	<u>(4,331,263)</u>	<u>(4,030,648)</u>	<u>(259,765)</u>
Total primary government net assets	<u>\$ 20,556,250</u>	<u>\$ 21,079,358</u>	<u>\$ 22,532,213</u>	<u>\$ 24,440,781</u>	<u>\$ 27,002,077</u>	<u>\$ 28,202,607</u>	<u>\$ 29,129,114</u>	<u>\$ 31,834,130</u>	<u>\$ 33,237,392</u>	<u>\$ 37,736,166</u>

**CITY OF EAST GRAND RAPIDS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental activities:										
Legislative	\$ 26,252	\$ 27,081	\$ 26,990	\$ 25,224	\$ 50,146	\$ 22,157	\$ 31,136	\$ 28,188	\$ 27,647	\$ 28,871
General government	1,823,961	1,889,258	1,913,394	1,944,106	1,992,333	1,900,352	2,195,308	2,916,373	4,074,915	3,146,764
Public safety	4,795,196	6,182,797	4,822,975	5,161,324	5,192,160	5,879,970	7,162,737	4,172,367	4,344,864	4,977,405
Public works	2,967,552	3,495,242	3,694,555	4,148,220	4,510,478	4,490,671	4,553,985	4,742,874	5,410,618	5,693,585
Recreation and cultural	2,010,266	2,135,948	2,134,153	1,982,066	2,058,942	1,905,221	1,797,671	1,947,121	3,058,753	5,849,521
Interest on debt	304,525	259,803	250,816	239,861	230,938	211,269	189,504	210,346	328,195	312,775
Total governmental activities	<u>11,927,752</u>	<u>13,990,129</u>	<u>12,842,883</u>	<u>13,500,801</u>	<u>14,034,997</u>	<u>14,409,640</u>	<u>15,930,341</u>	<u>14,017,269</u>	<u>17,244,992</u>	<u>20,008,921</u>
Business-type activities:										
Water & Sewer utility	<u>3,100,043</u>	<u>3,408,556</u>	<u>3,205,608</u>	<u>3,696,095</u>	<u>3,581,562</u>	<u>3,838,956</u>	<u>3,774,137</u>	<u>4,099,174</u>	<u>4,482,544</u>	<u>4,193,804</u>
Total business-type activities	<u>3,100,043</u>	<u>3,408,556</u>	<u>3,205,608</u>	<u>3,696,095</u>	<u>3,581,562</u>	<u>3,838,956</u>	<u>3,774,137</u>	<u>4,099,174</u>	<u>4,482,544</u>	<u>4,193,804</u>
Total primary government expenses	<u>\$ 15,027,795</u>	<u>\$ 17,398,685</u>	<u>\$ 16,048,491</u>	<u>\$ 17,196,896</u>	<u>\$ 17,616,559</u>	<u>\$ 18,248,596</u>	<u>\$ 19,704,478</u>	<u>\$ 18,116,443</u>	<u>\$ 21,727,536</u>	<u>\$ 24,202,725</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 270,349	\$ 260,766	\$ 292,349	\$ 501,820	\$ 531,303	\$ 469,764	\$ 457,084	\$ 484,407	\$ 498,395	\$ 347,984
Public safety	95,372	110,164	40,578	44,955	50,165	31,182	20,449	38,368	24,440	20,096
Public works	349,392	394,781	427,568	171,469	132,333	107,253	126,078	145,110	154,794	130,709
Recreation and cultural	945,404	1,005,241	981,742	1,142,350	1,144,118	802,002	817,701	1,063,627	1,097,869	1,049,668
Operating grants and contributions	858,885	933,374	965,237	1,151,240	1,323,884	1,244,771	1,780,334	1,462,150	2,102,868	4,417,796
Capital grants and contributions	100,000	675,542	681,492	165,641	806,463	40,378	70,477	6,847	8,177	2,278,921
Total governmental activities	<u>2,619,402</u>	<u>3,379,868</u>	<u>3,388,966</u>	<u>3,177,475</u>	<u>3,988,266</u>	<u>2,695,350</u>	<u>3,272,123</u>	<u>3,200,509</u>	<u>3,886,543</u>	<u>8,245,174</u>
Business-type activities:										
Charges for services:										
Water & Sewer utility	<u>3,279,925</u>	<u>3,490,916</u>	<u>4,211,294</u>	<u>4,364,698</u>	<u>4,247,408</u>	<u>4,485,862</u>	<u>4,723,144</u>	<u>4,614,600</u>	<u>4,784,063</u>	<u>5,161,888</u>
Total business-type activities	<u>3,279,925</u>	<u>3,490,916</u>	<u>4,211,294</u>	<u>4,364,698</u>	<u>4,247,408</u>	<u>4,485,862</u>	<u>4,723,144</u>	<u>4,614,600</u>	<u>4,784,063</u>	<u>5,161,888</u>
Total primary government program revenues	<u>\$ 5,899,327</u>	<u>\$ 6,870,784</u>	<u>\$ 7,600,260</u>	<u>\$ 7,542,173</u>	<u>\$ 8,235,674</u>	<u>\$ 7,181,212</u>	<u>\$ 7,995,267</u>	<u>\$ 7,815,109</u>	<u>\$ 8,670,606</u>	<u>\$ 13,407,062</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (9,308,350)	\$ (10,610,261)	\$ (9,453,917)	\$ (10,323,326)	\$ (10,046,731)	\$ (11,714,290)	\$ (12,658,218)	\$ (10,816,760)	\$ (13,358,449)	\$ (11,763,747)
Business-type activities	<u>179,882</u>	<u>82,360</u>	<u>1,005,686</u>	<u>668,603</u>	<u>665,846</u>	<u>646,906</u>	<u>949,007</u>	<u>515,426</u>	<u>301,519</u>	<u>968,084</u>
Total primary government net (expense) revenue	<u>\$ (9,128,468)</u>	<u>\$ (10,527,901)</u>	<u>\$ (8,448,231)</u>	<u>\$ (9,654,723)</u>	<u>\$ (9,380,885)</u>	<u>\$ (11,067,384)</u>	<u>\$ (11,709,211)</u>	<u>\$ (10,301,334)</u>	<u>\$ (13,056,930)</u>	<u>\$ (10,795,663)</u>

(Continued)

**CITY OF EAST GRAND RAPIDS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 8,379,859	\$ 9,897,660	\$ 10,065,669	\$ 10,262,194	\$ 10,511,813	\$ 10,850,585	\$ 11,234,211	\$ 11,418,930	\$ 12,163,236	\$ 12,879,988
State shared revenue	914,560	889,995	951,038	1,004,375	1,042,271	1,026,752	1,166,801	1,371,659	1,352,273	1,380,850
Cable Franchise Fees	221,047	226,001	224,575	217,300	206,652	191,996	184,172	178,947	171,762	149,133
Gain (loss) on sale of capital assets	19,823	-	-	-	-	-	-	-	116,060	41,383
Unrestricted investment earnings	32,002	35,031	45,918	78,085	177,882	195,277	50,268	36,805	656,825	843,050
Transfers - internal activities										(250,000)
<b>Total governmental activities</b>	<b>9,567,291</b>	<b>11,048,687</b>	<b>11,287,200</b>	<b>11,561,954</b>	<b>11,938,618</b>	<b>12,264,610</b>	<b>12,635,452</b>	<b>13,006,341</b>	<b>14,460,156</b>	<b>15,044,404</b>
Business-type activities:										
Unrestricted investment earnings	1,632	2,322	28	1,337	3,563	3,304	266	9	36	33
Transfers - internal activities										250,000
<b>Total business-type activities</b>	<b>1,632</b>	<b>2,322</b>	<b>28</b>	<b>1,337</b>	<b>3,563</b>	<b>3,304</b>	<b>266</b>	<b>9</b>	<b>36</b>	<b>250,033</b>
<b>Total primary government</b>	<b>\$ 9,568,923</b>	<b>\$ 11,051,009</b>	<b>\$ 11,287,228</b>	<b>\$ 11,563,291</b>	<b>\$ 11,942,181</b>	<b>\$ 12,267,914</b>	<b>\$ 12,635,718</b>	<b>\$ 13,006,350</b>	<b>\$ 14,460,192</b>	<b>\$ 15,294,437</b>
<b>Changes in Net Assets</b>										
Governmental activities	\$ 258,941	\$ 438,426	\$ 1,833,283	\$ 1,238,628	\$ 1,891,887	\$ 550,320	\$ 22,766	\$ 2,189,581	\$ 1,101,707	\$ 3,280,657
Business-type activities	181,514	84,682	1,005,714	669,940	669,409	650,210	949,273	515,435	301,555	1,218,117
<b>Total primary government</b>	<b>\$ 440,455</b>	<b>\$ 523,108</b>	<b>\$ 2,838,997</b>	<b>\$ 1,908,568</b>	<b>\$ 2,561,296</b>	<b>\$ 1,200,530</b>	<b>\$ 926,507</b>	<b>\$ 2,705,016</b>	<b>\$ 1,403,262</b>	<b>\$ 4,498,774</b>

(Concluded)

**CITY OF EAST GRAND RAPIDS**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Fiscal Year</u>		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
					<u>2019</u>	<u>2020</u>				
General Fund:										
Non-spendable										
Prepaid items	\$ 155,625	\$ 45,571	\$ 70,352	\$ 53,661	\$ 195,679	\$ 172,350	\$ 35,874	\$ 165,580	\$ 186,135	\$ 191,454
Restricted										
Public Safety	42,409	77,923	10,000	-	-	-	-	-	-	-
Debt Service	-	-	-	27,500	-	-	-	-	-	-
Committed										
Turf Replacement	295,000	335,000	375,000	415,000	455,000	488,950	528,950	-	-	-
Playground	-	-	-	-	-	-	30,000	-	-	-
Assigned										
Stabilization	-	-	-	-	-	-	-	-	-	-
Future Retirement paymnets	111,548	111,648	61,648	-	-	-	-	-	-	-
Future years expenditures	80,000	160,000	310,000	330,000	310,000	460,000	264,700	600,210	180,610	823,500
Unassigned	<u>2,688,359</u>	<u>2,927,029</u>	<u>2,924,531</u>	<u>2,979,241</u>	<u>2,950,962</u>	<u>2,910,686</u>	<u>3,988,350</u>	<u>4,506,654</u>	<u>5,854,316</u>	<u>5,728,928</u>
Total general fund	<u>\$ 3,372,941</u>	<u>\$ 3,657,171</u>	<u>\$ 3,751,531</u>	<u>\$ 3,805,402</u>	<u>\$ 3,911,641</u>	<u>\$ 4,031,986</u>	<u>\$ 4,847,874</u>	<u>\$ 5,272,444</u>	<u>\$ 6,221,061</u>	<u>\$ 6,743,882</u>
All Other Governmental Funds:										
Non-spendable										
Inventory	\$ 19,990	\$ 33,316	\$ 20,160	\$ 31,802	\$ 48,342	\$ 56,836	\$ 65,260	\$ 28,556	\$ 41,520	\$ 57,044
Prepaid items	2,406	3,366	11,871	4,246	4,716	2,732				
Restricted										
Streets	1,168,400	1,153,115	974,864	1,180,004	943,478	1,484,024	1,606,176	2,209,386	2,148,959	1,926,486
Public Safety			43,991	82,502	46,244	21,116	26,663	27,911	28,496	41,520
Debt Service	21,749	4,359	6,453	9,453	14,008	20,343	19,692	25,619	24,415	26,585
Committed										
Turf Replacement	-	-	-	-	-	-	-	538,900	537,200	547,200
Playground	-	-	-	-	-	-	-	90,000	150,000	210,000
Park Improvements	-	-	-	-	-	-	-	5,169,375	4,330,414	2,548,559
Assigned										
Public Safety	-	-	-	-	-	-	-	887	887	-
Capital projects	389,195	5,082	-	-	-	-	-	1,483	31,097	31,098
Total all other governmental funds	<u>\$ 1,601,740</u>	<u>\$ 1,199,238</u>	<u>\$ 1,057,339</u>	<u>\$ 1,308,007</u>	<u>\$ 1,056,788</u>	<u>\$ 1,585,051</u>	<u>\$ 1,717,791</u>	<u>\$ 8,092,117</u>	<u>\$ 7,292,988</u>	<u>\$ 5,388,492</u>
Total Fund Balances:	<u>\$ 4,974,681</u>	<u>\$ 4,856,409</u>	<u>\$ 4,808,870</u>	<u>\$ 5,113,409</u>	<u>\$ 4,968,429</u>	<u>\$ 5,617,037</u>	<u>\$ 6,565,665</u>	<u>\$ 13,364,561</u>	<u>\$ 13,514,049</u>	<u>\$ 12,132,374</u>

**CITY OF EAST GRAND RAPIDS**  
**Changes In Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Revenues</b>										
Taxes	\$ 8,379,859	\$ 9,865,392	\$ 10,045,384	\$ 10,262,194	\$ 10,511,813	\$ 10,850,585	\$ 11,234,211	\$ 11,418,930	\$ 12,163,236	\$ 12,879,988
Intergovernmental:										
Federal	2,727	-	-	-	-	-	480,472	-	561,573	454,191
State	1,771,291	1,851,631	1,857,886	2,171,613	2,381,895	2,275,437	2,449,397	2,791,052	2,845,076	5,098,022
Local	-	-	69,645	69,677	36,423	16,945	41,833	18,897	585	2,062,137
Licenses and permits	277,229	58,838	62,298	65,312	91,397	66,828	85,419	85,416	104,263	76,809
Charges for services	1,372,801	476,181	509,268	611,503	622,967	549,083	529,165	629,464	633,500	446,966
Recreation	-	1,192,142	1,192,418	1,142,350	1,144,118	802,002	817,701	1,063,627	1,097,869	1,049,668
Fines and forfeitures	94,799	43,589	36,181	28,957	34,425	27,268	15,668	29,678	19,361	16,476
Special Assessments	7,511	15,022	-	-	33,728	18,364	28,795	24,618	20,422	10,996
Interest and rentals	163,321	74,619	84,557	111,036	199,900	217,560	86,917	79,885	742,086	1,068,993
Other	100,000	362,445	140,836	196,558	132,979	129,459	146,190	82,992	48,740	333,030
<b>Total revenues</b>	<u>12,169,538</u>	<u>13,939,859</u>	<u>13,998,473</u>	<u>14,659,200</u>	<u>15,189,645</u>	<u>14,953,531</u>	<u>15,915,768</u>	<u>16,224,559</u>	<u>18,236,711</u>	<u>23,497,276</u>
<b>Expenditures</b>										
Legislative	26,534	26,992	27,029	25,224	50,146	22,157	31,136	28,188	27,647	28,871
General government	1,466,254	1,550,667	1,584,615	1,600,759	1,635,884	1,474,794	1,670,838	2,858,699	3,043,603	5,181,090
Public safety	4,377,894	4,682,848	4,928,386	5,104,823	5,251,404	5,418,315	5,523,404	4,123,394	4,344,971	4,941,246
Public works	2,948,292	4,171,004	4,748,371	5,065,852	5,455,259	4,644,604	5,380,839	5,169,487	6,314,342	6,898,409
Recreation and culture	1,682,854	1,849,269	1,873,225	1,852,485	1,954,615	1,741,150	1,718,785	1,782,263	3,388,794	6,463,340
Debt service										
Principal	541,000	608,000	631,000	672,000	753,600	786,900	572,900	562,900	639,200	630,000
Interest	316,781	261,740	253,386	243,018	233,717	217,003	197,947	171,288	328,666	317,500
Bond Issuance costs	19,010	-	-	-	-	-	-	-	-	-
Capital Outlay	459,490	907,611	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>11,838,109</u>	<u>14,058,131</u>	<u>14,046,012</u>	<u>14,564,161</u>	<u>15,334,625</u>	<u>14,304,923</u>	<u>15,095,849</u>	<u>14,686,219</u>	<u>18,087,223</u>	<u>24,460,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>331,429</u>	<u>(118,272)</u>	<u>(47,539)</u>	<u>95,039</u>	<u>(144,980)</u>	<u>648,608</u>	<u>819,919</u>	<u>1,538,340</u>	<u>149,488</u>	<u>(963,180)</u>
<b>Other Financing Sources (Uses)</b>										
Payment of refunded bond escrow	(1,225,000)	-	-	-	-	-	(6,287,368)	-	-	-
Transfers in	1,295,172	2,285,506	2,869,134	2,308,741	2,348,671	2,744,118	2,748,652	2,774,139	3,068,360	2,307,961
Transfers out	(1,295,172)	(2,285,506)	(2,869,134)	(2,308,741)	(2,348,671)	(2,744,118)	(2,748,652)	(2,774,139)	(3,068,360)	(2,726,456)
Bond Premium								80,556	-	-
Bonds issued	1,304,600	-	-	209,500	-	-	6,416,077	5,180,000	-	-
<b>Total other financing sources (uses)</b>	<u>79,600</u>	<u>-</u>	<u>-</u>	<u>209,500</u>	<u>-</u>	<u>-</u>	<u>128,709</u>	<u>5,260,556</u>	<u>-</u>	<u>(418,495)</u>
<b>Net changes in fund balances</b>	<u>\$ 411,029</u>	<u>\$ (118,272)</u>	<u>\$ (47,539)</u>	<u>\$ 304,539</u>	<u>\$ (144,980)</u>	<u>\$ 648,608</u>	<u>\$ 948,628</u>	<u>\$ 6,798,896</u>	<u>\$ 149,488</u>	<u>\$ (1,381,675)</u>
Debt Service as a percentage of non capital expenditures	7.7%	6.6%	6.3%	6.3%	6.4%	7.0%	5.1%	5.0%	6.5%	4.6%

**CITY OF EAST GRAND RAPIDS**  
**Tax Revenues By Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

---

<b>Year Ended June 30</b>	<b>General Property Taxes</b>
2015	\$ 8,379,859
2016	9,865,392
2017	10,045,384
2018	10,262,194
2019	10,511,813
2020	10,850,585
2021	11,234,211
2022	11,418,930
2023	12,163,236
2024	12,879,988

**CITY OF EAST GRAND RAPIDS**  
**State Equalized Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ending	Real Property		Personal Property		Total	
	*State Equalized Value	Taxable Value	*State Equalized Value	Taxable Value	*State Equalized Value	Taxable Value
2014	\$ 638,151,300	\$ 558,142,573	\$ 7,236,300	\$ 7,236,300	\$ 645,387,600	\$ 565,378,873
2015	671,566,200	578,871,520	6,977,600	6,847,188	678,543,800	585,718,708
2016	740,518,800	606,339,273	6,589,000	6,103,781	747,107,800	612,443,054
2017	802,859,200	626,672,314	6,784,700	6,448,776	809,643,900	633,121,090
2018	845,258,700	648,572,129	7,969,300	7,614,892	853,228,000	656,187,021
2019	871,067,400	680,104,942	9,760,600	9,514,808	880,828,000	689,619,750
2020	915,273,600	714,914,588	9,723,400	9,654,821	924,997,000	724,569,409
2021	978,923,100	747,032,646	9,747,900	9,747,900	988,671,000	756,780,546
2022	1,045,783,700	779,046,664	8,981,400	8,981,400	1,054,765,100	788,028,064
2023	1,097,124,200	835,226,389	10,335,300	10,335,300	1,107,459,500	845,561,689
2024	1,185,222,151	880,821,366	11,239,600	11,239,600	1,196,461,751	892,060,966

Source: East Grand Rapids Assessor

The City's millage rate is currently limited to 15 mills for operations.

The maximum allowable millage rate after Headlee Rollback Reduction is 11.5214 mills for 2023.

**CITY OF EAST GRAND RAPIDS**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$1,000 of Taxable Value)**  
**Last Ten Fiscal Years**

<b>Year of Levy</b>	<b>City Direct Rate</b>	<b>City Road Rate</b>	<b>City Debt Rate</b>	<b>Kent County</b>	<b>Kent District Library</b>	<b>State Education Tax</b>	<b>Kent Intermediate School District</b>	<b>Grand Rapids Community College</b>	<b>Rapid Transit</b>	<b>East GR School District</b>	<b>Resident Total</b>
2015 Homestead	13.3119	-	0.9772	5.6196	1.2800	6.0000	4.6903	1.7865	1.4700	12.2690	47.4045
Non Homestead	13.3119	-	0.9772	5.6196	1.2800	6.0000	4.6903	1.7865	1.4700	30.1574	65.2929
2016 Homestead	13.1149	2.0000	0.9642	5.6196	1.2800	6.0000	4.7903	1.7865	1.4700	11.7421	48.7676
Non Homestead	13.1149	2.0000	0.9642	5.6196	1.2800	6.0000	4.7903	1.7865	1.4700	28.8952	65.9207
2017 Homestead	12.8827	1.9646	0.9893	6.0596	1.2800	6.0000	4.7903	1.7865	1.4688	11.7308	48.9526
Non Homestead	12.8827	1.9646	0.9893	6.0596	1.2800	6.0000	4.7903	1.7865	1.4688	29.7308	66.9526
2018 Homestead	12.6817	1.9339	0.999	6.0518	1.2774	6.0000	5.6694	1.7788	1.4632	11.7009	49.5561
Non Homestead	12.6817	1.9339	0.999	6.0518	1.2774	6.0000	5.6694	1.7788	1.4632	29.7009	67.5561
2019 Homestead	12.4331	1.8074	0.9752	6.2947	1.2733	6.0000	5.6465	1.7716	1.4658	11.6663	49.3339
Non Homestead	12.4331	1.8074	0.9752	6.2947	1.2733	6.0000	5.6465	1.7716	1.4658	29.2921	66.9597
2020 Homestead	12.2428	1.7587	0.9634	6.2584	1.2661	6.0000	5.6113	1.7606	1.4556	11.6410	48.9579
Non Homestead	12.2428	1.7587	0.9634	6.2584	1.2661	6.0000	5.6113	1.7606	1.4556	29.6410	66.9579
2021 Homestead	12.0322	1.8346	0.9582	6.2100	1.2581	6.0000	5.5684	1.7472	1.4457	11.6120	48.6664
Non Homestead	12.0322	1.8346	0.9582	6.2100	1.2581	6.0000	5.5684	1.7472	1.4457	29.6120	66.6664
2022 Homestead	11.7975	1.7988	0.8829	6.1521	1.2484	6.0000	5.5157	1.7307	1.4308	11.5799	48.1368
Non Homestead	11.7975	1.7988	0.8829	6.1521	1.2484	6.0000	5.5157	1.7307	1.4308	29.5799	66.1368
2023 Homestead	11.5214	1.7567	1.1015	6.0971	1.2355	6.0000	5.4447	1.7085	1.4074	11.5415	47.8143
Non Homestead	11.5214	1.7567	1.1015	6.0971	1.2355	6.0000	5.4447	1.7085	1.4074	29.5415	65.8143
2024 Homestead	11.5214	1.7567	1.0574	6.0971	1.1000	6.0000	5.4447	1.7085	1.4074	11.5415	47.6347
Non Homestead	11.5214	1.7567	1.0574	6.0971	1.1000	6.0000	5.4447	1.7085	1.4074	29.5415	65.6347

Source: East Grand Rapids Treasurer

The city's millage rate is currently limited to 15 mills for operations.

The city's millage rate is exclusively for operating.

The maximum allowable millage rate after Headlee Rollback Reduction is 11.5214 mills for 2023.

**CITY OF EAST GRAND RAPIDS  
Principal Property Taxpayers  
Current year and nine years ago**

Taxpayer	Type of Business	2023			2014		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Spectrum Health Hospitals	Medical	\$ 9,912,137	1	1.17%	\$ 3,220,027	2	0.57%
2255 Wealthy LLC	Real Estate	8,410,000	2	0.99%	6,357,688	1	1.12%
Consumers Energy Co	Utility	4,443,800	3	0.53%	1,917,100	3	0.34%
Private Residence	Residential	2,889,075	4	0.34%			
Private Residence	Residential	2,773,365	5	0.33%			
DTE Gas Company	Utility	2,693,900	6	0.32%			
Spectrum Medical Building	Medical	2,476,100	7	0.29%			
Lakewood Hills LLC	Residential	2,281,923	8	0.27%	1,894,036	4	0.34%
Private Residence	Residential	2,267,277	9	0.27%	1,881,883	5	0.33%
Mackinaw, LLC	Residential	2,146,807	10	0.25%			
Greenbrier Trust Declaration	Retailer				1,347,095	7	0.24%
Private Residence	Residential				1,547,044	6	0.27%
Private Residence	Residential				1,281,700	8	0.23%
Jade Pig Ventures LLC	Real Estate				1,222,062	9	0.22%
Private Residence					1,121,897	10	0.20%
Other Taxpayers		40,294,384		4.77%	21,790,532		3.85%
Total Taxable Value		<u>\$845,561,689</u>			<u>\$565,378,873</u>		

Source: East Grand Rapids City Assessor

**CITY OF EAST GRAND RAPIDS**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections Total Levy</b>
2015	\$ 8,369,333	\$ 8,280,286	98.94	\$ 85,612	\$8,365,898	99.96
2016	9,847,459	9,786,065	99.38	59,726	9,845,791	99.98
2017	10,026,405	9,924,313	98.98	97,217	10,021,530	99.95
2018	10,246,017	10,168,685	99.25	74,076	10,242,761	99.97
2019	10,492,967	10,411,396	99.22	80,206	10,491,602	99.99
2020	10,834,194	10,739,606	99.13	90,590	10,830,196	99.96
2021	11,219,191	11,157,244	99.45	54,692	11,211,936	99.94
2022	11,411,057	11,370,257	99.64	34,091	11,404,348	99.94
2023	12,158,760	12,121,085	99.69	30,318	12,151,403	99.94
2024	12,861,432	12,820,630	99.68	40,802	12,861,432	100.00

Source: East Grand Rapids Treasurer

**CITY OF EAST GRAND RAPIDS**  
**Ratios Of Outstanding Debt By Type**  
**Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Net Bonded Debt Per Capita<sup>1</sup></b>
	<b>Installment Purchase Agreements</b>	<b>Private Placement Bond</b>	<b>General Obligation Bonds</b>	<b>Silver Creek Drain Note</b>			
2015	\$ -	\$ 2,182,000	\$ 8,120,000	\$ 147,318	\$ 10,449,318	32.91%	907
2016	-	1,824,000	7,870,000	40,017	9,734,017	29.87%	832
2017	-	1,458,000	7,605,000	-	9,063,000	27.56%	772
2018	209,500	1,081,000	7,310,000	-	8,600,500	25.23%	724
2019	159,900	692,000	6,995,000	-	7,846,900	22.21%	657
2020	118,000	297,000	6,645,000	-	7,060,000	18.67%	621
2021	76,100	151,000	5,665,000	-	5,892,100	14.48%	517
2022	34,200	-	11,201,626	-	11,235,826	N/A	N/A
2023	-	-	10,483,247	-	10,483,247	N/A	N/A
2024	-	-	9,746,938	-	9,746,938	N/A	N/A

**CITY OF EAST GRAND RAPIDS**  
**Ratios Of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

---

<b>Year Ended June 30</b>	<b>Estimated Population</b>	<b>State Equalized Valuation</b>	<b>General Obligation Debt</b>	<b>Percentage of Estimated Actual Value of Taxable Property</b>	<b>Per Capita</b>
2015	11,521	\$ 678,543,800	\$ 10,449,318	1.54%	907
2016	11,702	747,107,800	9,734,017	1.30%	832
2017	11,745	809,643,900	9,063,000	1.12%	772
2018	11,873	853,228,000	8,600,500	1.01%	724
2019	11,952	880,828,000	7,846,900	0.89%	657
2020	11,371	924,997,000	7,060,000	0.76%	621
2021	11,389	988,671,000	5,892,100	0.60%	517
2022	11,402	1,054,765,100	11,235,826	1.07%	985
2023	11,429	1,107,459,500	10,483,247	0.95%	917
2024	11,441	1,196,461,751	9,746,938	0.81%	852

**CITY OF EAST GRAND RAPIDS**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2024**

<u><b>Jurisdiction</b></u>	<u><b>Debt Outstanding</b></u>	<u><b>City's Share of Debt</b></u>
Direct:		
City of East Grand Rapids	\$ 9,746,938	\$ 9,746,938
Overlapping (2):		
Kent County	67,750,000	1,971,525
Grand Rapids Community College	18,675,000	524,768
East Grand Rapids School District	69,760,917	65,777,568
Total Overlapping Debt		<u>68,273,861</u>
Total Direct and Overlapping Debt		<u><u>\$78,020,799</u></u>

- (1) Excluding general obligation limited tax and revenue bonds reported in the enterprise funds.  
(2) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of City of East Grand Rapids are liable in addition to debt issued by the City of East Grand Rapids.  
Source: Municipal Advisory Council of Michigan and City of East Grand Rapids

**CITY OF EAST GRAND RAPIDS**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit	\$ 67,854,380	\$ 74,710,780	\$ 80,964,390	\$ 85,322,800	\$ 88,082,800	\$ 92,499,700	\$ 98,867,100	\$105,476,510	\$110,745,950	\$ 119,646,175
Net General Obligation Debt Subject to Limitation	<u>10,302,000</u>	<u>9,694,000</u>	<u>9,063,000</u>	<u>8,600,500</u>	<u>7,846,900</u>	<u>7,060,000</u>	5,892,100	11,235,826	10,483,247	9,746,938
Legal Debt Margin	<u>\$ 57,552,380</u>	<u>\$ 65,016,780</u>	<u>\$ 71,901,390</u>	<u>\$ 76,722,300</u>	<u>\$ 80,235,900</u>	<u>\$ 85,439,700</u>	<u>\$ 92,975,000</u>	<u>\$ 94,240,684</u>	<u>\$100,262,703</u>	<u>\$ 109,899,237</u>
Total net debt applicable to the limit as a percentage of the debt limit	15.18%	12.98%	11.19%	10.08%	8.91%	7.63%	5.96%	10.65%	9.47%	8.15%

**Legal Debt Margin Calculation for Fiscal Year 2024**

State Equalized Valuation	<u>\$1,196,461,751</u>
Debt Limit - 10% of State Equalized Value	\$ 119,646,175
Debt Outstanding	9,746,938
Less: Exempt Debt	<u>(736,309)</u>
Net General Obligation Debt Subject to Limitation	<u>10,483,247</u>
Legal Debt Margin	<u>\$ 109,162,928</u>

State law limits the amount of township general obligation debt to 10% of state equalized value.  
(1) Includes the State Equalized Valuation of property granted tax abatement under Act 198.

**CITY OF EAST GRAND RAPIDS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income<sup>5</sup></u>	<u>Total Personal Income (thousands) <sup>5</sup></u>	<u>Unemployment Rate<sup>6</sup></u>
2014	11,355 <sup>1</sup>	\$ 47,167	\$ 29,783,992	5.1
2015	11,521 <sup>1</sup>	49,814	31,748,325	3.9
2016	11,702 <sup>1</sup>	50,584	32,587,227	3.6
2017	11,745 <sup>1</sup>	50,621	32,889,558	3.5
2018	11,873 <sup>1</sup>	52,153	34,088,760	3.0
2019	11,952 <sup>1</sup>	53,799	35,335,459	3.0
2020	11,371 <sup>2</sup>	57,397	37,807,976	7.7
2021	11,389 <sup>3</sup>	61,852	40,701,778	4.6
2022	11,402 <sup>3</sup>	66,975	44,142,240	3.5
2023	11,429 <sup>3</sup>	N/A <sup>4</sup>	N/A <sup>4</sup>	4.1

Source: U.S. Department of Labor (per capital income and unemployment rates)

<sup>1</sup> Population estimates, US Census Bureau, City & Town Population Totals 2010-2020

<sup>2</sup> 2020 Census

<sup>3</sup> Population estimate, US Census Bureau Quick Facts

<sup>4</sup> Information not available

<sup>5</sup> Bureau of Economic Analysis, US Dept of Commerce (Kent County)

<sup>6</sup> Michigan Labor Market Information, Unemployment Statistics (Grand Reapids Metro Area)

**CITY OF EAST GRAND RAPIDS**  
**Full-Time Equivalent City Employees By Function**  
**Last Ten Fiscal Years**

---

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General government	18.8	15.5	17.9	17.0	16.9	15.9	16.6	15.2	16.1	16.9
Public safety	30.0	29.0	28.0	28.0	29.0	28.0	28.0	29.0	29.0	26.7
Parks and recreation	8.6	10.1	9.7	9.8	10.2	10.2	9.3	7.6	8.0	9.0
DPW	15.0	16.0	17.0	17.0	17.0	18.7	18.7	19.6	18.0	18.0
<b>Total</b>	<b>72.4</b>	<b>70.6</b>	<b>72.6</b>	<b>71.8</b>	<b>73.1</b>	<b>72.8</b>	<b>72.6</b>	<b>71.4</b>	<b>71.1</b>	<b>70.6</b>

Source: East Grand Rapids payroll records

## **INTERNAL CONTROL AND COMPLIANCE**



## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Michael J. Vredeveld, CPA  
(616) 648-8447

### **INDEPENDENT AUDITORS' 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**

November 25, 2024

Honorable Mayor and Members of the City Commission  
City of East Grand Rapids, 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, each major fund, and the aggregate remaining fund information of the City of East Grand Rapids, Michigan, (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 2024.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. 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*.

**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 City'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.

*Orederold Haefner LLC*