



CITY OF EAST GRAND RAPIDS, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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Prepared by: Finance Department

CITY OF EAST GRAND RAPIDS

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INTRODUCTORY SECTION



The City of East Grand Rapids

November 17, 2025

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, 2025.

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.

Vredevelde Haefner, a firm of licensed certified public accountants, has issued an unmodified opinion on the City of East Grand Rapids' financial statements for the year ended June 30, 2025. 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 there are 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 term. 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 cap 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.

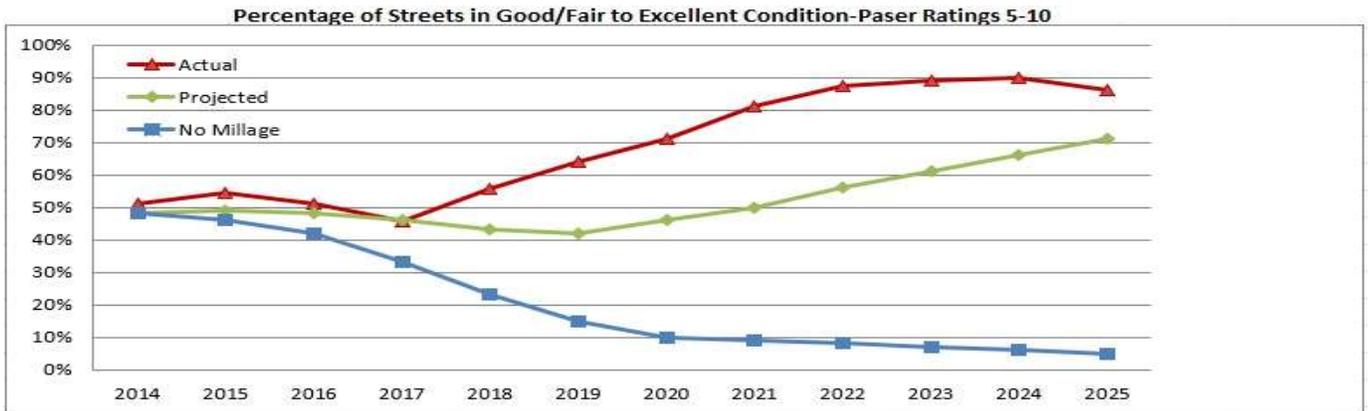
The city's tax base excluding personal property grew by 8.5912% compared to the increase in the prior year of 5.459%. The city's State Equalized Value (SEV) for real property increased by 16.05% and overall (real and personal) grew by 17.3%. While this increase in taxable value and SEV is encouraging, the Headlee Amendment calculation will result in reducing the city's operating millage. The rollback lowered the City Operating Millage rate from 11.5214 in 2022/2023 and 2023/2024 to 11.419 in 2024/2025.

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, updating the playgrounds at all four schools, and Manhattan soccer field upgrades. In February of 2025 the city purchased the remaining \$1.7 million left in the bonds to update Manhattan Park playgrounds, tennis/pickleball courts, and other park amenities as well as planning for other future park projects such as Waterfront Park Phase #2.

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. With the Headless roll back for 2024/2025 this millage was levied at 1.9632. Public Works continue to work to enhance the community's infrastructure.

The city continues to excel in its PASER rating (street rating system) obtaining a rating of 86% of city streets that are rated fair-excellent (5-10).



The following are some high-level accomplishments by the public works department in 2025:

- Over 8.65 total miles of street construction, \$2,961,931.
- Bike lanes were added to Reed Lake Blvd and Plymouth Rod
- Robinson Rd./Cascade Rd. Side Path completed adding 1.8 miles of new sidewalk an investment of \$1,094,628, which included \$780,000 of federal grant and \$60,000 of State of Michigan appropriation.
- Water Main rehabilitation of 2,943 feet
- Lead Service Lines 240 replaced
- Sanitary Sewer rehabilitation of 4,032 feet
- Storm sewer rehabilitation of 381 feet

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 maintaining 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 objections 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 too dated information 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 2022, 2023, and 2024 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,

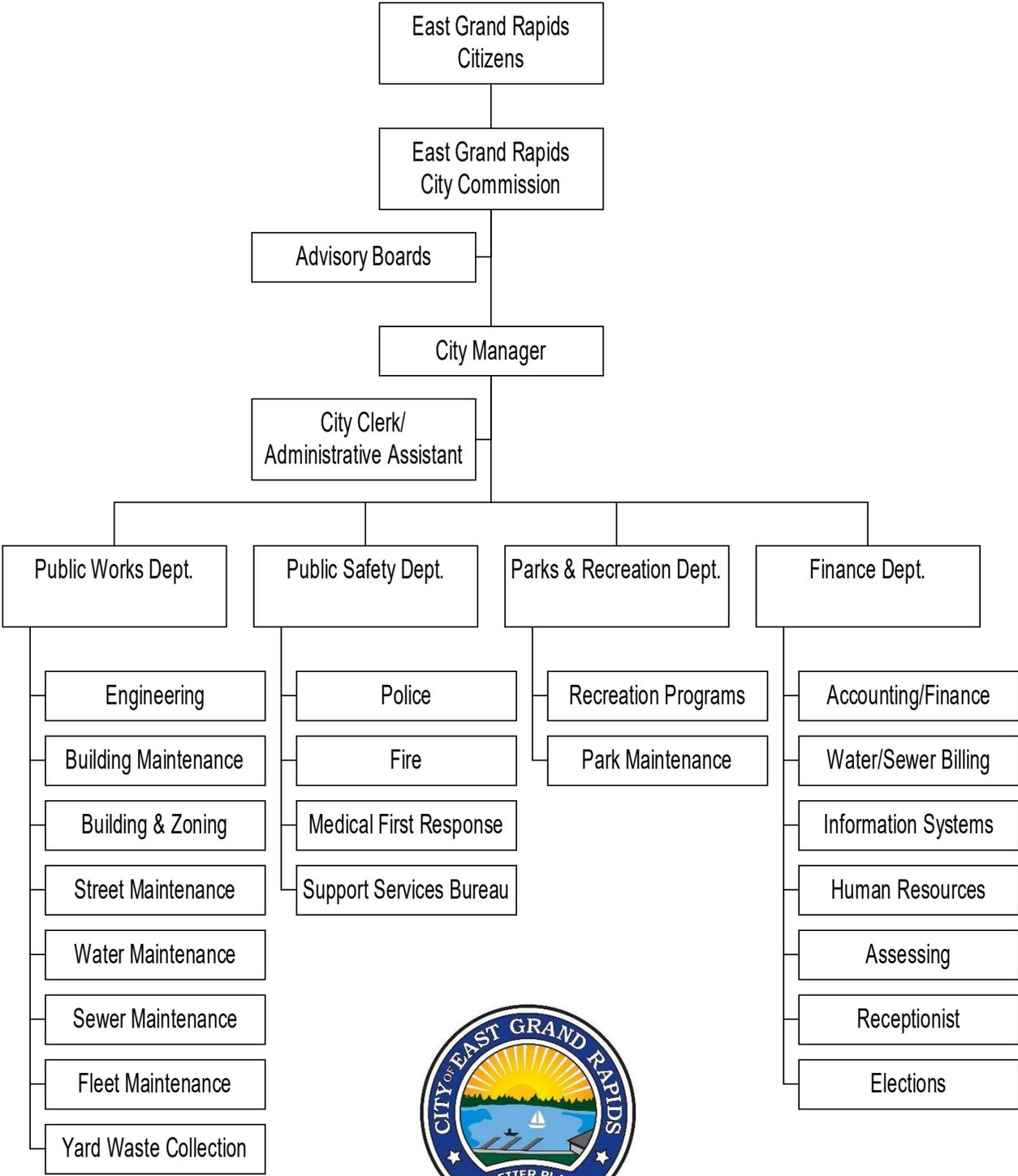


Shea Charles, City Manager



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, 2024

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



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INDEPENDENT AUDITORS' REPORT

October 23, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 October 23, 2025, 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.

Urodebold Haefner LLC

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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, 2025.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2025 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 8.65 miles of various types of road projects in the current Fiscal Year. Total expenditures for these projects were \$2,961,931.
- In the motor pool equipment replacement fund had \$460,000 budgeted for purchases, but orders were delayed due to supply chain related issues and arrived in August of 2025. This budget was rolled to the 2025-2026 fiscal year
- The city chose to not increase water rates in Fiscal year 2025.
- Completion of the Manhattan Park projects in the amount of \$2.3 million (with the final payment made in August of 2025), funded by the milage.
- The city's work on Lead Service Lines replacement (as required by State law) continued. The city was awarded a grant to reimburse the city for the identification of lead service lines (LSL) which has reimbursed the city \$141,730 thus far. The city has removed 615 LSL to date and should have all LSL identified and replaced within 2-3 years well before the 2041 deadline by the State and the 10 year deadline by the EPA.
- Payroll included 69 full-time and 4 part-time positions with total salary expenditures of approximately \$6,617,400.

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 of the city's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 \$43,621,284 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>	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$14,957,454	\$15,370,676	\$ 3,049,193	\$2,621,719	\$18,006,647	\$17,992,395
Capital assets	33,008,466	29,453,732	14,919,373	13,710,127	47,927,839	43,163,859
Total assets	47,965,920	44,824,408	17,968,566	16,331,846	65,934,486	61,156,254
Deferred outflows	1,580,477	1,098,596	47,178	34,111	1,627,655	1,132,707
Liabilities						
Current liabilities	2,298,997	2,127,909	345,045	310,068	2,644,042	2,437,977
Long-term liabilities	19,262,000	20,655,791	117,485	97,834	19,379,485	20,753,625
Total liabilities	21,560,997	22,783,700	462,530	407,902	22,023,527	23,191,602
Deferred inflows	1,882,255	1,323,779	35,075	37,414	1,917,330	1,361,193
Net position						
Net investment in capital assets	23,651,162	22,211,433	14,919,373	13,710,127	38,570,535	35,921,560
Restricted	1,574,856	2,074,371	-	-	1,574,856	2,074,371
Unrestricted (deficit)	877,127	(2,470,279)	2,598,766	2,210,514	3,475,893	(259,765)
Total net position	\$26,103,145	\$21,815,525	\$17,518,139	\$15,920,641	\$43,621,284	\$37,736,166

A substantial portion of the City's net position, \$38,570,535, 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, 2025, was \$25,170,152 while total cost of all programs and services was \$19,067,333. This resulted in an increase in net position of \$6,102,819. The following table presents a summary of the changes in net position for the years ended June 30, 2025 and 2024.

City of East Grand Rapids Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 1,674,123	\$ 1,548,457	\$ 5,173,597	\$ 5,161,888	\$ 6,847,720	\$ 6,710,345
Operating grants and contributions	1,926,697	4,417,796	141,730	-	2,068,427	4,417,796
Capital grants and contributions	220,233	2,278,921	-	-	220,233	2,278,921
General revenues						
Property taxes	13,641,480	12,879,988	-	-	13,641,480	12,879,988
State shared revenues	1,376,912	1,380,850	-	-	1,376,912	1,380,850
Cable franchise fees	127,530	149,133	-	-	127,530	149,133
Investment earnings	887,850	843,050	-	33	887,846	843,083
Gain on sale of capital assets	-	41,383	-	-	-	41,383
Total revenues	19,854,825	23,539,578	5,315,327	5,161,921	25,170,152	28,701,499
Expenses						
Legislative	37,827	28,871	-	-	37,827	28,871
General government	1,014,848	3,146,764	-	-	1,014,848	3,146,764
Public safety	4,802,577	4,977,405	-	-	4,802,577	4,977,405
Public works	6,458,249	5,693,585	-	-	6,458,249	5,693,585
Culture and recreation	2,432,507	5,849,521	-	-	2,432,507	5,849,521
Interest on long-term debt	316,058	312,775	-	-	316,058	312,775
Water and sewer	-	-	4,005,267	4,193,804	4,005,267	4,193,804
Total expenses	15,062,066	20,008,921	4,005,267	4,193,804	19,067,333	24,202,725
Increase (decrease) before transfers	4,792,759	3,530,657	1,310,060	968,117	6,102,819	4,498,774
Transfers in (out)	(287,438)	(250,000)	287,438	250,000	-	-
Increase (decrease) in net position	4,505,321	3,280,657	1,597,498	1,218,117	6,102,819	4,498,774
Net position – beginning, as previously reported	21,815,525	18,534,868	15,920,641	14,702,524	37,736,166	33,237,392
Restatement for change in accounting principle	(217,701)	-	-	-	(217,701)	-
Net position – beginning, as restated	21,597,824	18,534,868	15,920,641	14,702,524	37,518,465	33,237,392
Net position – ending	\$26,103,145	\$21,815,525	\$17,518,139	\$15,920,641	\$43,621,284	\$37,736,166

Governmental Activities The preceding table shows that the governmental activities increased the City's net position by \$4,505,321 during this fiscal year. The increases are explained below.

Revenues changes:

- Operating grants and contribution: The city saw its normal level for this category in 2025. In 2024 the city received a Pension grant of \$1.9 million. The offsetting expense for this is in the General Fund expenditures. This is the difference in this category and why 2025 is lower than 2024.
- Capital grants and contributions. The city saw its normal level of revenue for this category in 2025. In 2024 the EGRPS system reimbursed the city for its portion of the projects that were completed at 3 school locations during the Playground renovation. This is the difference in this category and why 2025 is lower than 2024.
- Investment earnings: The city saw record investment earnings again this year ending close to \$885,000 in revenue, which was slightly higher than the \$843,000 earned in 2024.

Expense changes:

- General Government: The main decrease in this line is two-fold. The first is the \$1.9 million grant the city received from the State in 2024. This is not reflected in 2025. The second is the investment income that the city earned in the pension fund again 2025. This has helped the liability position of the pension fund and has decreased the city's liability overall.
- Public Works: There were many building projects that were rolled to 2025 for completion due to supply chain issues. The city also constructed two new buildings at the DPW complex, a new salt building and reconstructed cold storage building for a total construction cost of \$375,000.
- Culture and recreation: Construction continued at Manhattan Park and wrapped up in June of 2025 funded by the Parks millage.

Business-type Activities Business-type activities increased the city's net position by \$1,597,498 during the year. This increase is related to the grant funding that the city received for the identification of lead service lines (LSL). It is also related to the city's continued effort to line the water and sewer lines. By doing so the city continues to see lower costs in the sewer expense line as billed by Grand Rapids, because this cost is aligned to truer cost. The liner that the city installs keeps ground water from seeping in and adding to the amount of sewer that is metered by Grand Rapids. The city also received its last portion of the ARPA grant to assist with LSL replacement.

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 \$11,522,461, a decrease of \$609,913.

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 \$220,426 relates to prepaid assets and assigned fund balance of \$549,160 has been set aside and budgeted for subsequent year expenditures. Unassigned fund balance amounts to \$6,511,815, an increase of \$782,887 from FY24. 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 44.01% of total general fund expenditures and transfers out.

The changes that attribute to this increase in fund balance for FY 25 are as follows.

- An increase in taxes received of 5.91%. Although Headlee only allows 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 homes sold and new construction. This increase was \$761,492 across all taxing funds.
- The city earned over \$887,500 in investments this year, which is higher than the \$40,000 it earned last year, which was an increase in revenue.
- Expenditures saw a decrease of approximately \$5 million from last year. This is made up of the recording of the \$1.9 million pension grant transfer to the pension fund last year. Also parks and recreation projects were less in number and cost from last year by \$1.3 million. Lastly the reduction in pensions liability due to increase in investments in the pension fund. This accounts for the additional decrease in governmental expenditures of approximately \$1.8 million.

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 \$303,096 during the current fiscal year leaving a remaining fund balance of \$504,886. Revenue did remain flat as set by Act 51. Projects were up slightly from last year, but not a significant increase. 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 \$92,406 during the current fiscal year leaving a remaining fund balance of \$70,539. This decrease is based on a slight increase in projects from last year. The city transferred the full amount that it had budgeted.

The municipal streets fund is used to account for the municipal street millage. The fund balance decreased by \$63,449 during the current fiscal year leaving a remaining fund balance of \$940,792. This decrease was based on the increased amount transferred to the local street fund for the projects. The millage on this fund will reset this year to the maximum allowable less Headlee roll back. This additional funding will help the city continue future projects with expectation of increased cost of completing these projects.

The ARPA fund accounts for the proceeds from the American Rescue Plan Act. The last restricted funds were transferred for the LSL projects as committed by the Commission. This fund balance has been depleted as of the end of 2025.

The capital projects fund was established in FY2022 from bond proceeds. The City transfers \$120k annually to the fund for the turf and playground replacement funds. The city received bond proceeds in the amount of \$1.7 million to fund current and future park projects approved by the millage. These bond proceeds deplete the amount approved by the millage. Although the statements show that there was only a use \$700k of the bond proceeds. The city used \$2.5 million of bond proceeds and included the addition of the \$1.7 million to bond proceeds. This leaves a fund balance of \$2.6 million for future projects.

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 \$1,597,498 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 \$867,800. \$550,000 of this change is from the increased interest the city received. The city originally budgeted \$275k and increased the budget to \$825k and received \$887k. The other amount of \$250k is three-fold. The city completed a project for the library to add more study rooms. This was completed through the city's contractor but reimbursed by the Friends of the Library. There was an offsetting expenditure related to this. An additional \$150k was budgeted as a 50% reimbursement to the city from the EGRPS for the renovations at Remington field. There was an offsetting expenditure related to this. Lastly the Parks and Recreation department had additional revenue related to an increase in enrollment in many of their programs. There is also a related increased expenditure related to this for the cost of running the program.

There was an increase in expenditure from the original to the amended budget of approximately \$755,500. An increase of \$300k was added for the project related to the Remington Field renovations. 50% of this cost is covered through a revenue increase and reimbursement from the EGRPS. The rest of this increase was moving capital projects that were not completed by the end of the 2023-2024 fiscal year due to the 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 \$535,500. Based on changes to the amended budget it showed a decrease of \$290,210. The actual increase to fund balance was \$537,519 based on the information listed above. Of this \$537,519, approximately \$270,000 has been rolled into the 2025-2026 for roll over projects.

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, 2025, amounted to \$47,927,839 (net of accumulated depreciation). Of this amount, \$33,008,466 was for its governmental activities and \$14,919,373 for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,218,753	\$ 2,218,753	\$ -	\$ -	\$ 2,218,753	\$ 2,218,753
CIP	609,497					
Land Improvements	3,801,164	1,446,494	-	-	3,801,164	1,446,494
Buildings	5,028,248	5,074,989	-	-	5,028,248	5,074,989
Building Improvements	1,156,299	876,261	-	-	1,156,299	876,261
Vehicles	1,756,827	2,260,404	-	-	1,756,827	2,260,404
Infrastructure	18,428,681	17,576,831	-	-	18,689,235	17,576,831
Water system	-	-	10,853,712	9,809,481	10,853,712	9,809,481
Water tower	-	-	11,251	12,014	11,251	12,014
Sewer system	-	-	3,089,897	2,916,462	3,089,897	2,916,462
Lift station	-	-	607,225	641,010	607,225	641,010
Drains	-	-	58,612	68,380	58,612	68,380
Meters	-	-	298,677	262,780	298,677	262,780
Total capital assets net	\$33,008,466	\$29,453,732	\$14,919,372	\$13,710,127	\$47,927,839	\$43,163,859

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

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long-term debt At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$19,379,485. Of this amount, \$10,708,614 was for governmental activities debt; \$5,394,328 related to the net pension liability and \$3,276,543 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 FY25 the net pension liability decreased \$3,080,186 because of 2 different occurrences that happened to the plan. First, there was unanticipated substantial market investment earnings. Second, a few people left the plan which lowered the amount of future funding needs.

Economic Factors and Next Year's Budgets and Rates

The city considered these factors in preparing the City's budget for the 2026 fiscal year.

- The economic vitality of the City
- Departmental needs and priorities
- CPI index changes and the Headlee act that affect the amount of change in tax revenue
- 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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and pooled investments	\$ 13,757,304	\$ 2,148,472	\$ 15,905,776
Accounts receivable	346,338	601,724	948,062
Due from other governments	472,039	-	472,039
Inventory	138,463	298,997	437,460
Prepaid items	243,310	-	243,310
Capital assets			
Land	2,218,753	-	2,218,753
Construction in progress	609,497	-	609,497
Depreciable capital assets, net	30,180,216	14,919,373	45,099,589
Total assets	47,965,920	17,968,566	65,934,486
Deferred outflows of resources			
OPEB related	1,580,477	47,178	1,627,655
Liabilities			
Accounts payable	1,113,316	301,533	1,414,849
Accrued liabilities	433,194	24,211	457,405
Unearned revenue	141,941	-	141,941
Compensated absences	610,546	19,301	629,847
Noncurrent liabilities			
Debt due within one year	780,000	-	780,000
Other post-employment benefits liability due in more than one year	3,159,058	117,485	3,276,543
Net pension liability due in more than one year	5,394,328	-	5,394,328
Debt due in more than one year	9,928,614	-	9,928,614
Total liabilities	21,560,997	462,530	22,023,527
Deferred inflows of resources			
Pension related	884,501	-	884,501
OPEB related	963,008	35,075	998,083
Deferred gain on bond refunding	34,746	-	34,746
Total deferred inflows of resources	1,882,255	35,075	1,917,330
Net position			
Net investment in capital assets	23,651,162	14,919,373	38,570,535
Restricted for			
Streets	1,516,217	-	1,516,217
Public safety	29,178	-	29,178
Debt service	29,461	-	29,461
Unrestricted	877,127	2,598,766	3,475,893
Total net position	\$ 26,103,145	\$ 17,518,139	\$ 43,621,284

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, 2025

<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>	
Primary government					
Governmental activities					
Legislative	\$ 37,827	\$ -	\$ -	\$ -	\$ (37,827)
General government	1,014,848	395,699	263,762	-	(355,387)
Public safety	4,802,577	21,296	37,589	3,778	(4,739,914)
Public works	6,458,249	136,841	1,583,973	2,575	(4,734,860)
Parks and recreation	2,432,507	1,120,287	41,373	213,880	(1,056,967)
Interest on long-term debt	<u>316,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,058)</u>
Total governmental activities	15,062,066	1,674,123	1,926,697	220,233	(11,241,013)
Business-type activities					
Water and sewer	<u>4,005,267</u>	<u>5,173,597</u>	<u>141,730</u>	<u>-</u>	<u>1,310,060</u>
Total primary government	<u>\$ 19,067,333</u>	<u>\$ 6,847,720</u>	<u>\$ 2,068,427</u>	<u>\$ 220,233</u>	<u>\$ (9,930,953)</u>

(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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position			
Net (expense) revenue	\$ (11,241,013)	\$ 1,310,060	\$ (9,930,953)
General revenues			
Property taxes	13,641,480	-	13,641,480
State shared revenues	1,376,912	-	1,376,912
Cable franchise fees	127,530	-	127,530
Unrestricted investment earnings	887,850	-	887,850
Transfers - internal activities	(287,438)	287,438	-
Total general revenues and transfers	<u>15,746,334</u>	<u>287,438</u>	<u>16,033,772</u>
Change in net position	<u>4,505,321</u>	<u>1,597,498</u>	<u>6,102,819</u>
Net position, beginning of year, as previously reported	21,815,525	15,920,641	37,736,166
Change in accounting principle	<u>(217,701)</u>	<u>-</u>	<u>(217,701)</u>
Net position, beginning of year, as restated	<u>21,597,824</u>	<u>15,920,641</u>	<u>37,518,465</u>
Net position, end of year	<u>\$ 26,103,145</u>	<u>\$ 17,518,139</u>	<u>\$ 43,621,284</u>

(concluded)

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

CITY OF EAST GRAND RAPIDS

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2025

	General	Special Revenue				ARPA	Capital Project	Nonmajor Governmental	Total
		Major Streets	Local Streets	Municipal Streets	Parks		Funds		
Assets									
Cash and pooled investments	\$ 7,357,820	\$ 328,798	\$ 7,941	\$ 1,187,128	\$ -	\$ 3,009,604	\$ 97,760	\$ 11,989,051	
Accounts receivable	195,151	-	-	-	-	-	24,761	219,912	
Due from other governments	230,017	175,932	66,090	-	-	-	-	472,039	
Inventory	-	25,558	25,558	-	-	-	-	51,116	
Prepaid items	220,426	-	-	-	-	-	-	220,426	
Total assets	\$ 8,003,414	\$ 530,288	\$ 99,589	\$ 1,187,128	\$ -	\$ 3,009,604	\$ 122,521	\$ 12,952,544	
Liabilities and fund balances									
Liabilities									
Accounts payable	\$ 461,620	\$ 20,452	\$ 23,535	\$ 246,336	\$ -	\$ 349,590	\$ 121	\$ 1,101,654	
Accrued liabilities	157,452	4,950	5,515	-	-	-	-	167,917	
Unearned revenue	102,941	-	-	-	-	-	39,000	141,941	
Total liabilities	722,013	25,402	29,050	246,336	-	349,590	39,121	1,411,512	
Deferred inflows of resources									
Unavailable receivables	-	-	-	-	-	-	18,571	18,571	
Fund balances									
Nonspendable									
Inventory	-	25,558	25,558	-	-	-	-	51,116	
Prepaid items	220,426	-	-	-	-	-	-	220,426	
Restricted									
Streets	-	479,328	44,981	940,792	-	-	6,190	1,471,291	
Public safety									
Drug seizure	-	-	-	-	-	-	29,178	29,178	
Debt service	-	-	-	-	-	-	29,461	29,461	
Committed									
Turf replacement	-	-	-	-	-	668,477	-	668,477	
Playgrounds	-	-	-	-	-	288,288	-	288,288	
Park improvements	-	-	-	-	-	1,703,249	-	1,703,249	
Assigned									
Subsequent year expenditures	549,160	-	-	-	-	-	-	549,160	
Unassigned	6,511,815	-	-	-	-	-	-	6,511,815	
Total fund balances	7,281,401	504,886	70,539	940,792	-	2,660,014	64,829	11,522,461	
Total liabilities and fund balances	\$ 8,003,414	\$ 530,288	\$ 99,589	\$ 1,187,128	\$ -	\$ 3,009,604	\$ 122,521	\$ 12,952,544	

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, 2025

Fund balances - total governmental funds	\$ 11,522,461
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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 - construction in progress	609,497
Add - capital assets (net of accumulated depreciation)	28,711,540

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	18,571
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Deferred inflows and outflows relate to future years and are not reported in the funds

Deduct - deferred inflows from pension related items	(884,501)
Add - deferred outflows from OPEB related items	1,580,477
Deduct - deferred inflows from OPEB related items	(963,008)

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	3,285,776
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(607,917)
Deduct - net other post-employment benefit liability	(3,159,058)
Deduct - net pension liability	(5,394,328)
Deduct - deferred gain on bond refunding	(34,746)
Deduct - long-term debt	(10,708,614)
Deduct - accrued interest on bonds payable	<u>(91,758)</u>

Net position of governmental activities	<u>\$ 26,103,145</u>
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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, 2025

	General	Special Revenue			ARPA	Capital Project Parks	Nonmajor Governmental Funds	Total
		Major Streets	Local Streets	Municipal Streets				
Revenues								
Taxes	\$ 10,990,435	\$ -	\$ -	\$ 1,674,469	\$ -	\$ -	\$ 976,576	\$ 13,641,480
Intergovernmental revenues								
Federal	-	-	-	-	240,673	-	-	240,673
State	1,433,738	1,139,921	444,052	-	-	-	-	3,017,711
Local	-	-	-	-	-	-	3,778	3,778
Licenses and permits	82,941	-	-	-	-	-	-	82,941
Charges for services	453,846	-	-	-	-	-	-	453,846
Recreation	1,120,287	-	-	-	-	-	-	1,120,287
Fines	18,442	-	-	-	-	-	-	18,442
Special assessments	-	-	-	-	-	-	17,450	17,450
Rentals	53,900	-	-	-	-	-	-	53,900
Investment earnings	887,850	-	-	-	15,667	41,373	-	944,890
Other	290,422	-	-	-	-	-	-	290,422
Total revenues	15,331,861	1,139,921	444,052	1,674,469	256,340	41,373	997,804	19,885,820
Expenditures								
Current								
Legislative	37,827	-	-	-	-	-	-	37,827
General government	2,987,488	-	-	-	-	-	-	2,987,488
Public safety	4,674,728	-	-	-	-	-	16,120	4,690,848
Public works	3,358,521	1,443,017	2,741,848	552,150	-	-	-	8,095,536
Parks and recreation	2,615,778	-	-	-	-	2,542,118	-	5,157,896
Debt service								
Principal	-	-	-	-	-	-	675,000	675,000
Interest	-	-	-	-	-	-	298,700	298,700
Total expenditures	13,674,342	1,443,017	2,741,848	552,150	-	2,542,118	989,820	21,943,295
Revenues over (under) expenditures	1,657,519	(303,096)	(2,297,796)	1,122,319	256,340	(2,500,745)	7,984	(2,057,475)
Other financing sources (uses)								
Issuance of long-term debt	-	-	-	-	-	1,735,000	-	1,735,000
Transfers in	-	-	2,205,390	519,622	-	120,000	-	2,845,012
Transfers out	(1,120,000)	-	-	(1,705,390)	(287,438)	-	(19,622)	(3,132,450)
Total other financing sources (uses)	(1,120,000)	-	2,205,390	(1,185,768)	(287,438)	1,855,000	(19,622)	1,447,562
Net changes in fund balances	537,519	(303,096)	(92,406)	(63,449)	(31,098)	(645,745)	(11,638)	(609,913)
Fund balances, beginning of year	6,743,882	807,982	162,945	1,004,241	31,098	3,305,759	76,467	12,132,374
Fund balances, end of year	\$ 7,281,401	\$ 504,886	\$ 70,539	\$ 940,792	\$ -	\$ 2,660,014	\$ 64,829	\$ 11,522,461

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, 2025

Net changes in fund balances - total governmental funds \$ (609,913)

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	6,502,562
Deduct - depreciation expense	(2,583,618)

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	(14,875)
--------------------------------------	----------

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.

Deduct - issuance of debt	(1,735,000)
Add - principal payments on debt	675,000
Add - amortization of deferred gain on refunded debt	9,174
Add - amortization of bond premium	98,324

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.

Add - decrease in compensated absences	4,368
Deduct - increase in net other post-employment benefits liability	(724,719)
Add - increase in deferred outflows from OPEB related items	481,881
Add - decrease in deferred inflows from OPEB related items	86,247
Add - decrease in net pension liability	3,080,186
Deduct - increase in deferred inflows from pension related items	(653,897)
Deduct - increase in accrued interest	(17,358)

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	<u>(93,041)</u>
---	-----------------

Change in net position of governmental activities \$ 4,505,321

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

CITY OF EAST GRAND RAPIDS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION**

JUNE 30, 2025

	<u>Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Funds</u>
Assets		
Current assets		
Cash and pooled investments	\$ 2,148,472	\$ 1,768,253
Accounts receivable	601,724	126,426
Prepaid items	-	22,884
Inventory	<u>298,997</u>	<u>87,347</u>
 Total current assets	 3,049,193	 2,004,910
Capital assets		
Depreciable capital assets, net	<u>14,919,373</u>	<u>1,468,676</u>
 Total assets	 <u>17,968,566</u>	 <u>3,473,586</u>
Deferred outflows of resources		
OPEB related items	<u>47,178</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	301,533	11,662
Accrued liabilities	24,211	173,519
Compensated absences	<u>19,301</u>	<u>2,629</u>
 Total current liabilities	 345,045	 187,810
Long-term liabilities		
Other post-employment benefits liability	<u>117,485</u>	<u>-</u>
 Total liabilities	 <u>462,530</u>	 <u>187,810</u>
Deferred inflows of resources		
OPEB related items	<u>35,075</u>	<u>-</u>
Net position		
Net investment in capital assets	14,919,373	1,468,676
Unrestricted	<u>2,598,766</u>	<u>1,817,100</u>
 Total net position	 <u>\$ 17,518,139</u>	 <u>\$ 3,285,776</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, 2025

	Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Funds
Operating revenue		
Charges for services	\$ 5,117,002	\$ 2,071,371
Other	<u>56,595</u>	<u>141,039</u>
Total operating revenue	<u>5,173,597</u>	<u>2,212,410</u>
Operating expense		
Personnel services	846,748	167,470
Contractual services	1,135,393	506,248
Materials and supplies	990,789	194,021
Equipment	172,316	15,699
Claims	-	880,948
Administration	138,526	175,711
Depreciation	690,755	359,172
Miscellaneous	<u>30,740</u>	<u>718</u>
Total operating expense	<u>4,005,267</u>	<u>2,299,987</u>
Operating income (loss)	<u>1,168,330</u>	<u>(87,577)</u>
Non-operating revenue (expense)		
Loss on sale of capital assets	-	(5,464)
State grant	<u>141,730</u>	<u>-</u>
Total non-operating revenue (expense)	<u>141,730</u>	<u>(5,464)</u>
Income (loss) before transfers	1,310,060	(93,041)
Transfers in	<u>287,438</u>	<u>-</u>
Changes in net position	1,597,498	(93,041)
Net position, beginning of year	<u>15,920,641</u>	<u>3,378,817</u>
Net position, end of year	<u>\$ 17,518,139</u>	<u>\$ 3,285,776</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, 2025

	Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service Funds
Cash flows from operating activities		
Receipts from internal services provided	\$ -	\$ 2,115,773
Receipts from customers and users	5,243,959	-
Payments to employees	(829,956)	(169,210)
Payments to suppliers	<u>(2,697,549)</u>	<u>(1,696,767)</u>
Net cash provided by (used in) operating activities	<u>1,716,454</u>	<u>249,796</u>
Cash flows from non-capital financing activities		
Transfers in	<u>287,438</u>	<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	-	3,109
Acquisitions of capital assets	<u>(1,900,001)</u>	<u>(3,535)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,758,271)</u>	<u>(426)</u>
Net increase (decrease) in cash and pooled investments	245,621	249,370
Cash and pooled investments, beginning of year	<u>1,902,851</u>	<u>1,518,883</u>
Cash and pooled investments, end of year	<u>\$ 2,148,472</u>	<u>\$ 1,768,253</u>
Cash flows from operating activities		
Operating income (loss)	\$ 1,168,330	\$ (87,577)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	690,755	359,172
Deferred outflows of resources	(13,067)	-
Deferred inflows of resources	(2,339)	-
Change in operating assets and liabilities which provided (used) cash		
Accounts receivable	70,362	(96,637)
Prepaid and other assets	-	25,896
Inventory	(252,215)	(4,106)
Accounts payable	22,430	4,299
Accrued liabilities	13,101	49,806
Compensated absences	(554)	(1,057)
Net other post-employment benefits liability	<u>19,651</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 1,716,454</u>	<u>\$ 249,796</u>

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

CITY OF EAST GRAND RAPIDS

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2025

	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Fund</u>
Assets		
Cash and pooled investments	\$ -	\$ 904
Investments	15,145,951	-
Accounts receivable	760	-
	15,146,711	904
Total assets	15,146,711	904
 Liabilities		
Accounts payable	514,362	-
Accrued liabilities	32,539	-
Due to other governmental units	-	109
	546,901	109
Total liabilities	546,901	109
 Net position		
Restricted for:		
Pension	13,134,479	-
Other post-employment benefits	1,465,331	-
Other organizations and other governments	-	795
	14,599,810	795
	\$ 14,599,810	\$ 795

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

CITY OF EAST GRAND RAPIDS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Fund</u>
Additions		
Contributions:		
Employer	\$ 1,200,000	\$ -
Employee	4,487	-
Other	47,917	-
Property taxes collected for other governments	-	34,010,391
Investment earnings (loss)	<u>1,612,348</u>	<u>-</u>
Total Additions	<u>2,864,752</u>	<u>34,010,391</u>
Deductions		
Benefits	1,926,631	-
Property taxes distributed to other governments	-	34,010,391
Administrative expenses	<u>186,273</u>	<u>-</u>
Total deductions	<u>2,112,904</u>	<u>34,010,391</u>
Net increase (decrease)	751,848	-
Net position, beginning of year	<u>13,847,962</u>	<u>795</u>
Net position, end of year	<u>\$ 14,599,810</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, 2025

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, 2025

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 and an annual transfer from the general fund 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. As of June 30, 2025, these funds have been fully expended per Federal guidelines.

The *Parks Fund* accounts for the issuance of bonds and accumulation of other funding along with the disbursement of resources for millage approved 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, 2025

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, 2025

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, 2025

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. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recognized in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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, 2025

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, 2025

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 2024 taxable value was \$967,719,097 for which they levied 11.3508 mills for general fund operations, 1.7307 mills for roads and 1.0094 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>
General Fund			
Parks and Rec – Recreation Sports	\$228,690	\$262,338	\$33,648

3. 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	\$15,905,776	\$ 904	\$15,906,680
Investments	-	15,145,951	15,145,951
	<u>\$15,905,776</u>	<u>\$15,146,855</u>	<u>\$31,052,631</u>

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Deposits	\$ 2,276,599
Petty cash	1,396
Investments	<u>28,774,636</u>
 Total	 <u>\$31,052,631</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, 2025, \$1,208,884 of the City's bank balance of \$1,458,884 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	\$ 2,797,217	N/A
Michigan CLASS Investment Pool	N/A	10,831,468	S&P AAAM
Other Post-employment Benefits Trust fund			
Missionsquare II Model portfolio			
Conservative Fund	N/A	2,005,692	N/A
Pension Trust fund			
Federated government obligation institutional shares	N/A	231,264	N/A
Fixed income securities:			
Baird Intermediate Bond Fund	N/A	1,287,122	5 star
Cohen & Steers PFD Securities and Income Fund	N/A	55,768	4 star
Dodge & Cox Income Fund	N/A	126,507	5 star
Doubleline Total Return Bond Fund	N/A	127,279	3 star
Guggenheim Limited Duration Instl	N/A	332,809	5 star
Vanguard Short-Term Bond Index Fund	N/A	695,865	2 star
Virtus Convertible Inst	N/A	57,197	5 star
AQR Diversified Arbitrage Fund	N/A	62,636	N/A
Blackrock FDS II	N/A	463,732	N/A
Equity securities:			
Domestic equities:			
Brown Advisory Sustainable Growth Fund	N/A	1,514,177	3 star
Fidelity 500 Index Fund	N/A	2,878,131	5 star
Invesco S&P 500 Quality ETF	N/A	1,396,410	5 star
Conestoga FDS Small Cap Fund	N/A	257,985	3 star
Fidelity Market Index Fund	N/A	144,181	3 star
Allspring Funds Special Mid Cap	N/A	267,801	4 star

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
International equities:			
Dodge & Cox International Stock Fund	N/A	\$ 388,191	3 star
Fidelity International Index	N/A	777,424	4 star
MFS International Equity Fund	N/A	377,881	4 star
Emerging markets equities:			
Baillie Gifford Emerging Market Fund	N/A	211,680	N/A
Seafarer Overseas Growth & Income Fund	N/A	214,921	3 star
Ishares Core ETF	N/A	285,743	5 star
Equity related strategy equities:			
Neuberger Berman Long Short Fund	N/A	81,299	3 star
Alternative strategies securities:			
Boston Partners Emerging Markets Fund	N/A	14,841	1 star
RBB FD Abbey CP Str1	N/A	51,358	3 star
Stone Ridge High Yield Fund	N/A	45,233	N/A
Real assets:			
Cohen & Steers Realty Shares	N/A	371,793	5 star
IShares S&P Global Infrastructure Index Fund	N/A	421,031	4 star
Total Pension Trust fund		13,140,259	
Total investments		\$28,774,636	

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.

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.

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

At June 30, 2025 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	21%	0-5
Certificates of deposits	56%	0-5
Deposits, money markets and other pools	23%	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.

4. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2025 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>	
Local streets fund	\$ 500,000	\$1,705,390	\$ -	\$ -	\$2,205,390
Municipal streets fund	500,000	-	-	19,622	519,622
Parks fund	120,000	-	-	-	120,000
Water and Sewer Fund	-	-	287,438	-	287,438
	\$1,120,000	\$1,705,390	\$287,438	\$19,622	\$3,132,450

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.

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 2,218,753	\$ -	\$ -	\$ 2,218,753
CIP	-	609,497	-	609,497
Capital assets, being depreciated				
Land improvements	3,155,473	2,609,917	-	5,765,391
Buildings	12,451,655	373,349	-	12,825,004
Building improvements	4,561,987	373,436	-	4,935,423
Vehicles and equipment	7,026,242	33,965	42,864	7,017,342
Infrastructure	38,392,210	2,505,932	-	40,898,143
Total capital assets, being depreciated	65,587,567	5,896,600	42,864	71,441,303
Less accumulated depreciation for				
Land improvements	1,708,980	255,248	-	1,964,228
Buildings	7,376,666	420,092	-	7,796,757
Building improvements	3,685,726	93,399	-	3,779,125
Vehicles and equipment	4,765,838	519,970	34,291	5,251,515
Infrastructure	20,815,378	1,654,084	-	22,469,462
Total accumulated depreciation	38,352,588	2,942,790	34,291	41,261,087
Net capital assets, being depreciated	27,234,979	2,953,810	(8,573)	30,180,216
Governmental Activities capital assets, net	\$29,453,732	\$3,563,307	\$8,573	\$33,008,466

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities				
Capital assets being depreciated				
Sewer system	\$10,219,820	\$ 339,318	\$ -	\$10,559,138
Water system	14,903,047	1,508,202	-	16,411,248
Lift station	1,124,054	-	-	1,124,054
Water tower	617,425	-	-	617,425
Drains	1,726,036	-	-	1,726,036
Meters	668,837	52,482	-	721,318
Total capital assets, being depreciated	29,259,219	1,900,001	-	31,159,220
Less accumulated depreciation for				
Sewer system	7,303,358	165,884	-	7,469,242
Water system	5,093,566	463,970	-	5,557,536
Lift station	483,044	33,785	-	516,829
Water tower	605,411	763	-	606,175
Drains	1,657,656	9,769	-	1,667,424
Meters	406,057	16,584	-	422,641
Total accumulated depreciation	15,549,092	690,755	-	16,239,847
Net capital assets, being depreciated	13,710,127	1,209,246	-	14,919,373
Business-type Activities capital assets, net	\$13,710,127	\$1,209,246	\$ -	\$14,919,373

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

Governmental Activities	
General government	\$ 516,724
Public safety	51,672
Public works	1,808,533
Recreation and culture	206,689
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	359,172
Total depreciation expense - governmental activities	\$2,942,790
 Business-type Activities	
Water and sewer	\$690,755

6. 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.

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, 2025, 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	41
Total	47

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was \$916,037. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute 3.77% of gross wages to the Plan. 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.

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Net Pension Liability

The employer’s net pension liability was measured as of June 30, 2025, 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, 2025 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.1%

Salary Increases: 3.0%

Investment rate of return: 6.37%, net of investment expense, including inflation

Mortality rates used were Pub-2016 Public Retirement Plans Mortality Tables for General and Public Safety Employees; annuitant and non-annuitant, sex-distinct with IRS 2024 adjusted 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.

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%	7.63%	2.37%
Fixed Income	25.0%	3.84%	0.76%
Real Estate	6.0%	6.47%	0.35%
Cash	3.0%	3.41%	0.03%
Other	3.0%	3.85%	0.03%
Inflation			3.10%
Discount rate			6.37%

Discount rate

The discount rate used to measure the total pension liability is 6.37% (5.54% for 2024). 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.

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at June 30, 2024	\$20,771,767	\$12,297,253	\$ 8,474,514
Changes for the Year:			
Service cost	27,419	-	27,419
Interest	1,107,027	-	1,107,027
Change in benefits	-	-	-
Differences between expected and actual experience	(256,198)	-	(256,198)
Change in assumptions	(1,481,939)	-	(1,481,939)
Contributions: employer	-	1,100,000	(1,100,000)
Contributions: employee	-	4,487	(4,487)
Net investment income	-	1,395,832	(1,395,832)
Benefit payments, including refunds	(1,633,490)	(1,633,490)	-
Administrative expense	-	(23,824)	23,824
Other	-	-	-
Net changes	(2,237,181)	843,005	(3,080,186)
Balance at June 30, 2025	\$18,534,586	\$13,140,258	\$ 5,394,328

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 6.37%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (5.37%) or higher (7.37%) than the current rate.

	Current		
	1% Decrease	Discount rate	1% Increase
Total pension liability	\$20,274,557	\$18,534,586	\$17,051,811
Fiduciary net position	13,140,258	13,140,258	13,140,258
Net pension liability	\$ 7,134,299	\$ 5,394,328	\$ 3,911,553

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2025 the employer recognized pension expense of \$1,329,289. 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	-	884,501
Total	\$ -	\$884,501

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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:

2026	\$ (4,744)
2027	(387,935)
2028	(345,981)
2029	<u>(145,841)</u>
Total	<u>\$(884,501)</u>

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 \$870,743 and employee contributions were \$131,144. 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 1% and the City contributes 15% 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.

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% of their salary to the plan. The City is required to contribute 15% of the participants' salaries to the Plan.

7. 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, 2025):

Active plan members	38
Retirees and beneficiaries receiving benefits	<u>17</u>
Total	<u>55</u>

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 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: 2.5%

Investment rate of return: 5.94%, including inflation

Healthcare cost trend rates: 7.25% per year

20-year Aa Municipal bond rate: 4.81%

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.

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%	7.61%
Multi asset	4.0%	6.60%
Fixed income	55.9%	4.70%

The sum of each target benefit times its long-term expected real rate, plus inflation, is 5.94%.

Discount rate. The discount rate used to measure the total OPEB liability for June 30, 2025 is 4.87% (4.52% for 2024). 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.

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2024	\$4,130,729	\$1,598,556	\$2,532,173
Changes for the Year:			
Service cost	101,514	-	101,514
Interest	182,636	-	182,636
Change in benefits	-	-	-
Differences between expected and actual experience	629,473	-	629,473
Change in assumptions	112,510	-	112,510
Contributions: employer	-	108,158	(108,158)
Contributions: employee	-	-	-
Net investment income	-	184,196	(184,196)
Benefit payments, including refunds	(383,209)	(383,209)	-
Administrative expense	-	(10,591)	10,591
Other changes	-	-	-
Net changes	624,924	(101,446)	744,370
Balance at June 30, 2025	\$4,773,653	\$1,497,110	\$3,276,543

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 4.87%, 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.

	Current		
	1% Decrease	Discount rate	1% Increase
Total OPEB liability	\$5,113,166	\$4,773,653	\$4,459,069
Fiduciary net position	1,497,110	1,497,110	1,497,110
Net OPEB liability	\$3,616,056	\$3,276,543	\$2,961,959
Plan fiduciary net position as a percentage of the total OPEB liability	31%		

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.

	Current		
	1% Decrease	healthcare cost trend rate	1% Increase
Total OPEB liability	\$4,389,053	\$4,773,653	\$5,240,714
Fiduciary net position	1,497,110	1,497,110	1,497,110
Net OBEB liability	\$2,891,943	\$3,276,543	\$3,743,604

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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

For the year ended June 30, 2025 the employer recognized OPEB expense of \$268,995. 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	\$ 1,128,157	\$ (589,622)
Differences in assumptions	499,498	(329,437)
Excess (deficit) investment returns	-	(79,024)
	\$1,627,655	\$(998,083)
Total		

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

2026	\$106,212
2027	56,486
2028	64,414
2029	78,352
2030	101,315
Thereafter	222,793
Total	\$629,572

8. CONDENSED FINANCIAL INFORMATION - PENSION AND OPEB PLANS

Statement of Net Position

	Pension Trust Fund	OPEB Trust Fund	Total
Assets			
Cash and pooled investments	\$ -	\$ -	\$ -
Investments	13,140,259	2,005,692	15,145,951
Accounts receivable	-	760	760
Prepaid items	-	-	-
Total assets	13,140,259	2,006,452	15,146,711
Liabilities			
Accounts payable	5,780	508,582	514,362
Accrued liabilities	-	32,539	32,539
Total liabilities	5,780	541,121	546,901
Net position			
Restricted for pension and other post-employment benefits	\$13,134,479	\$1,465,331	\$14,599,810

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Statement of Changes in Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$1,100,000	\$100,000	\$ 1,200,000
Employee	4,487	-	4,487
Other	-	47,917	47,917
Total Contributions	1,104,487	147,917	1,252,404
Investment income			
Change in investment fair value	1,038,382	182,316	1,220,698
Interest and dividends	391,650	-	391,650
Total investment income (loss)	1,430,032	182,316	1,612,348
Investment expense	(23,223)	-	(23,223)
Net investment income (loss)	1,406,809	182,316	1,589,125
Total Additions	2,511,296	330,233	2,841,529
Deductions			
Benefits	1,633,490	293,141	1,926,631
Administrative expense	23,824	139,226	163,050
Total deductions	1,657,314	432,367	2,089,681
Change in net position	853,982	(102,134)	751,848
Net position, beginning of year	12,280,497	1,567,465	13,847,962
Net position, end of year	\$13,134,479	\$1,465,331	\$14,599,810

9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Public Placement Bonds					
\$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%	\$ 4,755,000	\$ -	\$ 215,000	\$ 4,540,000	\$220,000
\$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%	4,485,000	-	460,000	4,025,000	495,000

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
\$1,735,000 General Obligation Unlimited Tax Bonds, Series 2025; due in semi-annual installments of \$30,000 to \$70,000 through April 2042, plus interest at 4.21%	\$ -	\$1,735,000	\$ -	\$ 1,735,000	\$ 65,000
Total Public Placement Bonds	9,240,000	1,735,000	675,000	10,300,000	780,000
Unamortized premium	506,938	-	98,324	408,614	89,598
Accrued compensated absences*	398,270	212,276	-	610,546	610,546
Total Governmental Activities	\$10,145,208	\$1,947,276	\$773,324	\$11,319,160	\$1,480,144
Business-type Activities					
Accrued compensated absences*	\$19,855	\$ -	\$554	\$19,301	\$19,301

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, 2025 are as follows:

<u>Governmental Activities</u>		
<u>Public Placement Bonds</u>		
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 780,000	\$ 358,081
2027	820,000	325,365
2028	820,000	294,647
2029	825,000	263,978
2030	835,000	233,056
2031-2035	3,250,000	764,967
2036-2040	2,050,000	382,199
2041-2045	920,000	48,719
Total	\$10,300,000	\$2,671,012

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.

10. 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.

CITY OF EAST GRAND RAPIDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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 \$76,445 reported at June 30, 2025 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, 2025 and 2024 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>
2025	\$44,544	\$1,328,290	\$1,296,389	\$76,445
2024	47,640	867,367	870,463	44,544

11. 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.

CITY OF EAST GRAND RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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 \$17,175 with related direct and indirect expenditures in excess of that amount.

13. RESTATEMENT OF NET POSITION

Beginning net position was adjusted to recognize accrued compensated absences at the beginning of the year in accordance with implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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, 2025

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 10,985,300	\$ 10,992,300	\$ 10,990,435	\$ (1,865)
Intergovernmental revenues				
State	1,400,060	1,437,650	1,433,738	(3,912)
Licenses and permits	90,000	79,000	82,941	3,941
Charges for services	459,000	454,800	453,846	(954)
Recreation	1,167,700	1,202,700	1,120,287	(82,413)
Fines	27,000	27,000	18,442	(8,558)
Rentals	53,900	53,900	53,900	-
Investment earnings	275,000	825,000	887,850	62,850
Other	26,600	280,060	290,422	10,362
Total revenues	<u>14,484,560</u>	<u>15,352,410</u>	<u>15,331,861</u>	<u>(20,549)</u>
Expenditures				
Current				
Legislative	30,300	38,250	37,827	423
General government	3,023,950	3,012,510	2,987,488	25,022
Public safety	5,066,520	4,920,330	4,674,728	245,602
Public works	3,171,830	3,785,240	3,358,521	426,719
Parks and recreation	2,435,460	2,727,290	2,615,778	111,512
Total expenditures	<u>13,728,060</u>	<u>14,483,620</u>	<u>13,674,342</u>	<u>809,278</u>
Revenues over (under) expenditures	756,500	868,790	1,657,519	788,729
Other financing sources (uses)				
Transfers out	(1,280,000)	(1,159,000)	(1,120,000)	39,000
Net changes in fund balance	(523,500)	(290,210)	537,519	827,729
Fund balance, beginning of year	<u>6,743,882</u>	<u>6,743,882</u>	<u>6,743,882</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,220,382</u>	<u>\$ 6,453,672</u>	<u>\$ 7,281,401</u>	<u>\$ 827,729</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 1,075,420	\$ 1,075,420	\$ 1,139,921	\$ 64,501
Investment earnings	-	-	-	-
Total revenues	<u>1,075,420</u>	<u>1,075,420</u>	<u>1,139,921</u>	<u>64,501</u>
Expenditures				
Current				
Public works				
Street maintenance	1,024,750	1,013,240	840,578	172,662
Street construction	364,000	333,010	329,127	3,883
Street administration	108,100	115,200	97,402	17,798
Engineering	141,300	176,700	175,910	790
Total expenditures	<u>1,638,150</u>	<u>1,638,150</u>	<u>1,443,017</u>	<u>195,133</u>
Net changes in fund balance	(562,730)	(562,730)	(303,096)	259,634
Fund balance, beginning of year	<u>807,982</u>	<u>807,982</u>	<u>807,982</u>	<u>-</u>
Fund balance, end of year	<u>\$ 245,252</u>	<u>\$ 245,252</u>	<u>\$ 504,886</u>	<u>\$ 259,634</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 403,310	\$ 403,310	\$ 444,052	\$ 40,742
Investment earnings	-	-	-	-
Total revenues	<u>403,310</u>	<u>403,310</u>	<u>444,052</u>	<u>40,742</u>
Expenditures				
Current				
Public works				
Street maintenance	987,250	1,076,030	1,066,806	9,224
Street construction	1,666,000	1,578,220	1,577,647	573
Street administration	116,750	115,750	97,395	18,355
Total expenditures	<u>2,770,000</u>	<u>2,770,000</u>	<u>2,741,848</u>	<u>28,152</u>
Revenues over (under) expenditures	(2,366,690)	(2,366,690)	(2,297,796)	68,894
Other financing source (uses)				
Transfers in	<u>2,070,390</u>	<u>2,205,390</u>	<u>2,205,390</u>	<u>-</u>
Net changes in fund balance	(296,300)	(161,300)	(92,406)	68,894
Fund balance, beginning of year	<u>162,945</u>	<u>162,945</u>	<u>162,945</u>	<u>-</u>
Fund balance, end of year	<u>\$ (133,355)</u>	<u>\$ 1,645</u>	<u>\$ 70,539</u>	<u>\$ 68,894</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,675,400	\$ 1,675,400	\$ 1,674,469	\$ (931)
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,675,400</u>	<u>1,675,400</u>	<u>1,674,469</u>	<u>(931)</u>
Expenditures				
Current				
Public works				
Street maintenance	823,000	824,400	552,150	272,250
Street construction	<u>5,000</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total expenditures	<u>828,000</u>	<u>828,000</u>	<u>552,150</u>	<u>275,850</u>
Revenues over (under) expenditures	<u>847,400</u>	<u>847,400</u>	<u>1,122,319</u>	<u>274,919</u>
Other financing source (uses)				
Transfers in	510,500	510,500	519,622	9,122
Transfers out	<u>(1,570,390)</u>	<u>(1,705,390)</u>	<u>(1,705,390)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,059,890)</u>	<u>(1,194,890)</u>	<u>(1,185,768)</u>	<u>9,122</u>
Net changes in fund balance	(212,490)	(347,490)	(63,449)	284,041
Fund balance, beginning of year	<u>1,004,241</u>	<u>1,004,241</u>	<u>1,004,241</u>	<u>-</u>
Fund balance, end of year	<u>\$ 791,751</u>	<u>\$ 656,751</u>	<u>\$ 940,792</u>	<u>\$ 284,041</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Federal	\$ -	\$ -	\$ 240,673	\$ 240,673
Investment earnings	-	15,000	15,667	667
Total revenues	-	15,000	256,340	241,340
Expenditures				
Current				
General government	-	-	-	-
Revenues over (under) expenditures	-	15,000	256,340	241,340
Other financing source (uses)				
Transfers out	(180,000)	(286,000)	(287,438)	(1,438)
Net changes in fund balance	(180,000)	(271,000)	(31,098)	239,902
Fund balance, beginning of year	<u>31,098</u>	<u>31,098</u>	<u>31,098</u>	<u>-</u>
Fund balance, end of year	<u>\$ (148,902)</u>	<u>\$ (239,902)</u>	<u>\$ -</u>	<u>\$ 239,902</u>

CITY OF EAST GRAND RAPIDS
DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2025

	2015	2016	2017	2018	2019	2021	2022	2023	2024	2025
Total pension liability										
Service cost	\$ 53,644	\$ 55,650	\$ 52,483	\$ 41,833	\$ 46,802	\$ 70,203	\$ 43,062	\$ 29,284	\$ 22,024	\$ 27,419
Interest	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	1,107,027
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)	(256,198)
Changes in assumptions	921,755	-	-	-	570,530	1,552,491	(52,344)	1,129,596	917,684	(1,481,939)
Benefit payments including employee refunds	(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)	(1,633,490)
Other	42,544	-	-	1	-	-	-	24,633	-	-
Net change in total pension liability	963,003	(442,454)	164,089	(74,355)	551,184	1,799,210	(567,887)	625,736	(80,997)	(2,237,181)
Total pension liability, beginning of year	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
Total pension liability, end of year	\$ 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	\$ 18,534,586
Plan Fiduciary Net Position										
Contributions-employer	\$ 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	\$ 1,100,000
Contributions-State grant	-	-	-	-	-	-	-	-	1,965,045	-
Contributions-employee	15,034	17,480	14,249	14,080	11,242	10,853	7,663	8,539	9,398	4,487
Net investment income	(132,612)	931,223	1,125,955	(354,678)	1,141,559	1,743,692	(1,231,438)	781,207	1,575,290	1,395,832
Benefit payments including employee refunds	(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)	(1,633,490)
Administrative expense	(19,970)	(18,426)	(17,873)	(17,783)	(19,634)	(23,467)	(24,633)	(39,135)	(30,204)	(23,824)
Other changes	-	-	-	-	-	-	-	24,633	-	-
Net change in plan fiduciary net position	(1,007,217)	245,335	570,932	(772,993)	755,824	1,239,169	(1,891,803)	375,827	3,284,694	843,005
Plan fiduciary net position, beginning of year	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
Plan fiduciary net position, end of year	\$ 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	\$ 13,140,258
Total net pension liability	\$ 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	\$ 5,394,328
Plan fiduciary net position as a percentage of the total pension liability	45.2%	47.6%	50.3%	46.3%	48.9%	50.6%	42.7%	43.2%	59.2%	70.9%
Covered payroll	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170	219,813	119,289	119,568
Employer's net pension liability as a percentage of covered employee payroll	2421.0%	2198.5%	2291.1%	3055.0%	2938.5%	5251.4%	5514.7%	5386.5%	7104.2%	4511.5%

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, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contributions	\$ 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	\$ 916,037
Contributions in relation to the actuarially determined contribution	893,880	1,042,416	1,204,584	1,276,152	1,432,620	1,961,020	1,101,442	1,300,000	1,380,000	1,100,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)	\$ -	\$ 32,918	\$ (70,657)	\$ (183,963)
Covered payroll	\$ 425,735	\$ 437,527	\$ 402,095	\$ 324,417	\$ 330,318	\$ 195,497	\$ 210,170	\$ 219,813	\$ 119,289	\$ 119,568
Contributions as a percentage of covered employee payroll	210%	238%	300%	393%	434%	1003%	524%	591%	1157%	920%
Money weighted rate of investment return net of expenses	-1.25%	11.03%	12.68%	-3.78%	13.03%	17.83%	-12.59%	9.30%	15.07%	11.16%

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, 2025

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability									
Service cost	\$ 140,181	\$ 148,494	\$ 151,489	\$ 165,617	\$ 179,047	\$ 149,711	\$ 104,016	\$ 102,051	\$ 101,514
Interest	179,527	114,168	117,156	123,553	113,377	92,604	139,591	182,122	182,636
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)	629,473
Changes in assumptions	425,060	53,689	46,177	138,896	88,761	(484,970)	61,476	19,695	112,510
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)	(267,339)	(257,177)	(383,209)
Net change in total OPEB liability	(223,617)	227,217	306,466	249,394	(171,736)	(449,580)	674,829	29,872	642,924
Total OPEB liability, beginning of year	3,487,884	3,264,267	3,491,484	3,797,950	4,047,344	3,875,608	3,426,028	4,100,857	4,130,729
Total OPEB liability, end of year	\$ 3,264,267	\$ 3,491,484	\$ 3,797,950	\$ 4,047,344	\$ 3,875,608	\$ 3,426,028	\$ 4,100,857	\$ 4,130,729	\$ 4,773,653
Plan Fiduciary Net Position									
Contributions-employer	\$ 75,031	\$ 226,255	\$ 112,437	\$ 253,065	\$ 244,388	\$ 100,000	\$ 100,000	\$ 169,068	\$ 108,158
Contributions-employee	-	-	-	-	-	-	-	-	-
Net investment income	79,601	48,773	68,663	59,639	240,533	(178,154)	101,743	170,303	184,196
Benefit payments including employee refunds	(75,031)	(226,255)	(98,437)	(253,065)	(116,285)	(117,470)	(267,339)	(257,177)	(383,209)
Administrative expense	-	-	-	-	(1,500)	(93,849)	(1,587)	(1,681)	(10,000)
Other	-	-	-	-	-	20,920	-	-	(591)
Net change in plan fiduciary net position	79,601	48,773	82,663	59,639	367,136	(268,553)	(67,183)	80,513	(101,446)
Plan fiduciary net position, beginning of year	1,215,967	1,295,568	1,344,341	1,427,004	1,486,643	1,853,779	1,585,226	1,518,043	1,598,556
Plan fiduciary net position, end of year	\$ 1,295,568	\$ 1,344,341	\$ 1,427,004	\$ 1,486,643	\$ 1,853,779	\$ 1,585,226	\$ 1,518,043	\$ 1,598,556	\$ 1,497,110
Employer net OPEB liability	\$ 1,968,699	\$ 2,147,143	\$ 2,370,946	\$ 2,560,701	\$ 2,021,829	\$ 1,840,802	\$ 2,582,814	\$ 2,532,173	\$ 3,276,543
Plan fiduciary net position as a percentage of the total OPEB liability	40%	39%	38%	37%	48%	46%	37%	39%	31%
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	\$ 3,799,733
Employer's net OPEB liability as a percentage of covered employee payroll	39%	42%	45%	63%	53%	51%	70%	64%	86%

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, 2025

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contributions	\$ -	\$ 300,886	\$ 325,111	\$ 334,974	\$ 361,946	\$ 301,486	\$ 283,826	\$ 358,772	\$ 367,933
Contributions in relation to the actuarially determined contribution	<u>99,352</u>	<u>226,255</u>	<u>112,437</u>	<u>253,065</u>	<u>244,388</u>	<u>100,000</u>	<u>100,000</u>	<u>169,068</u>	<u>108,158</u>
Contribution deficiency (excess)	\$ (99,352)	\$ 74,631	\$ 212,674	\$ 81,909	\$ 117,558	\$ 201,486	\$ 183,826	\$ 189,704	\$ 259,775
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	\$ 3,799,733
Contributions as a percentage of covered employee payroll	2%	4%	2%	6%	6%	3%	3%	4%	3%
Money weighted rate of investment return net of expenses	6.34%	3.70%	4.96%	4.09%	14.40%	-10.36%	6.56%	10.93%	11.90%

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	4.87% (4.52% for 2024, 2.1% for 2022, 3.26% for 2018, 3.46% for 2017)
Salary increases	2.5% (3.0% for 2024, 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 2016 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement

State of Michigan PA 202 information

Actuarially recommended contributions in accordance with PA 202	\$ 367,933
Minimum required contribution under PA 202	15,677
Actual contribution	108,158
Contribution for employees hired after June 30, 2018 (included above)	15,677

State of Michigan PA 202 assumptions, if different from GASB
Discount rate - 4.04%
Salary scale - 3.65%

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).

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**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.

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CITY OF EAST GRAND RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2025

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 10,975,300	\$ 10,975,300	\$ 10,972,979	\$ (2,321)
Interest and penalties on property taxes	10,000	17,000	17,456	456
Total taxes	10,985,300	10,992,300	10,990,435	(1,865)
Intergovernmental revenue				
State shared revenue	1,376,060	1,362,690	1,358,823	(3,867)
Community stabilization	21,000	21,000	20,943	(57)
State grants	3,000	53,960	53,972	12
Total intergovernmental revenue	1,400,060	1,437,650	1,433,738	(3,912)
Licenses and permits				
Business licenses	15,000	15,000	15,049	49
Building permits	60,000	45,000	46,157	1,157
Other	15,000	19,000	21,735	2,735
Total licenses and permits	90,000	79,000	82,941	3,941
Charges for services				
Administrative charges	130,000	130,000	130,000	-
Cable television franchise fees	168,000	130,000	127,530	(2,470)
Cable tower rental	78,000	84,800	84,884	84
Cable television capital fees	33,000	27,000	27,035	35
Right-of-way fees	50,000	54,000	54,629	629
Total charges for services	459,000	454,800	453,846	(954)
Recreation fees	1,167,700	1,202,700	1,120,287	(82,413)
Fines and penalties	27,000	27,000	18,442	(8,558)
Rentals				
Library rental fee	53,900	53,900	53,900	-
Investment earnings	275,000	825,000	887,850	62,850
Other revenue				
Other	25,000	59,000	68,303	9,303
Miscellaneous revenue	1,600	221,060	222,119	1,059
Total other revenue	26,600	280,060	290,422	10,362
Total revenues	\$ 14,484,560	\$ 15,352,410	\$ 15,331,861	\$ (20,549)

CITY OF EAST GRAND RAPIDS

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

FOR THE YEAR ENDED JUNE 30, 2025

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
City Commission	\$ 30,300	\$ 38,250	\$ 37,827	\$ 423
Total legislative	<u>30,300</u>	<u>38,250</u>	<u>37,827</u>	<u>423</u>
General government				
City manager	450,600	466,730	463,709	3,021
City attorney	300,000	270,000	254,745	15,255
Elections	57,000	44,300	42,200	2,100
City assessor	175,740	182,410	181,851	559
Finance	765,610	778,470	774,981	3,489
Other	<u>1,275,000</u>	<u>1,270,600</u>	<u>1,270,002</u>	<u>598</u>
Total general government	<u>3,023,950</u>	<u>3,012,510</u>	<u>2,987,488</u>	<u>25,022</u>
Public safety				
General activity	5,061,020	4,912,330	4,666,888	245,442
State programs	<u>5,500</u>	<u>8,000</u>	<u>7,840</u>	<u>160</u>
Total public safety	<u>5,066,520</u>	<u>4,920,330</u>	<u>4,674,728</u>	<u>245,602</u>
Public works				
City buildings	1,772,640	2,131,330	1,932,489	198,841
Zoning administration	206,580	202,370	189,954	12,416
City services	-	209,000	203,071	5,929
Street lighting	111,000	118,750	118,721	29
Wealthy streetscape maintenance	324,260	339,540	184,827	154,713
Waste collection	528,450	505,650	468,480	37,170
Lake restoration	43,000	43,000	42,915	85
Tree maintenance and removal	<u>185,900</u>	<u>235,600</u>	<u>218,064</u>	<u>17,536</u>
Total public works	<u>3,171,830</u>	<u>3,785,240</u>	<u>3,358,521</u>	<u>426,719</u>
Parks and recreation				
Parks	981,750	1,234,210	1,177,263	56,947
Pool	291,000	288,510	266,577	21,933
Special events	154,990	155,300	132,151	23,149
Recreation programming	109,000	109,000	108,501	499
Grounds maintenance	448,850	463,900	450,674	13,226
Recreation sports	213,290	228,690	262,338	(33,648)
Middle school sports	82,200	93,300	83,220	10,080
Acquatic club	<u>154,380</u>	<u>154,380</u>	<u>135,054</u>	<u>19,326</u>
Total culture and recreation	<u>2,435,460</u>	<u>2,727,290</u>	<u>2,615,778</u>	<u>111,512</u>
Total expenditures	\$ 13,728,060	\$ 14,483,620	\$ 13,674,342	\$ 809,278

CITY OF EAST GRAND RAPIDS

NONMAJOR FUNDS

Special Revenue Funds:

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.

The Public Safety Grants Fund (205) was created in FY 2024-25 to set aside grant funding received specifically for training of police officers.

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.

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CITY OF EAST GRAND RAPIDS

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2025

	Special Revenue		Debt Service		Capital Projects	Total
	<u>Drug Law Enforcement</u>	<u>Public Safety Grants</u>	<u>Municipal Complex</u>	<u>Parks Millage</u>	<u>Special Assessments</u>	
Assets						
Cash and pooled investments	\$ 29,178	\$ 39,000	\$ 21,916	\$ 7,666	\$ -	\$ 97,760
Accounts receivable	-	-	-	-	24,761	24,761
Total assets	<u>\$ 29,178</u>	<u>\$ 39,000</u>	<u>\$ 21,916</u>	<u>\$ 7,666</u>	<u>\$ 24,761</u>	<u>\$ 122,521</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 76	\$ 45	\$ -	\$ 121
Deferred revenue	-	39,000	-	-	-	39,000
Total liabilities	<u>-</u>	<u>39,000</u>	<u>76</u>	<u>45</u>	<u>-</u>	<u>39,121</u>
Deferred inflows of resources						
Unavailable receivables	-	-	-	-	18,571	18,571
Fund balances						
Restricted						
Streets	-	-	-	-	6,190	6,190
Drug seizure	29,178	-	-	-	-	29,178
Debt service	-	-	21,840	7,621	-	29,461
Total fund balances	<u>29,178</u>	<u>-</u>	<u>21,840</u>	<u>7,621</u>	<u>6,190</u>	<u>64,829</u>
Total liabilities and fund balances	<u>\$ 29,178</u>	<u>\$ 39,000</u>	<u>\$ 21,916</u>	<u>\$ 7,666</u>	<u>\$ 24,761</u>	<u>\$ 122,521</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, 2025

	Special Revenue		Debt Service		Capital Projects	Total
	Drug Law Enforcement	Public Safety Grants	Municipal Complex	Parks Millage	Special Assessments	
Revenues						
Taxes	\$ -	\$ -	\$ 612,324	\$ 364,252	\$ -	\$ 976,576
Intergovernmental revenues						
Local	3,778	-	-	-	-	3,778
Special assessments	-	-	-	-	17,450	17,450
Total revenues	<u>3,778</u>	<u>-</u>	<u>612,324</u>	<u>364,252</u>	<u>17,450</u>	<u>997,804</u>
Expenditures						
Current						
Public safety	16,120	-	-	-	-	16,120
Debt service						
Principal	-	-	460,000	215,000	-	675,000
Interest	-	-	150,750	147,950	-	298,700
Total expenditures	<u>16,120</u>	<u>-</u>	<u>610,750</u>	<u>362,950</u>	<u>-</u>	<u>989,820</u>
Revenues over (under) expenditures	(12,342)	-	1,574	1,302	17,450	7,984
Other financing sources (uses)						
Transfers out	-	-	-	-	(19,622)	(19,622)
Net changes in fund balances	(12,342)	-	1,574	1,302	(2,172)	(11,638)
Fund balances, beginning of year	<u>41,520</u>	<u>-</u>	<u>20,266</u>	<u>6,319</u>	<u>8,362</u>	<u>76,467</u>
Fund balances, end of year	<u>\$ 29,178</u>	<u>\$ -</u>	<u>\$ 21,840</u>	<u>\$ 7,621</u>	<u>\$ 6,190</u>	<u>\$ 64,829</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, 2025

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Local	\$ -	\$ 1,100	\$ 3,778	\$ 2,678
Expenditures				
Current				
Public safety				
Drug law enforcement	-	20,000	16,120	3,880
Net changes in fund balance	-	(18,900)	(12,342)	6,558
Fund balance, beginning of year	<u>41,520</u>	<u>41,520</u>	<u>41,520</u>	<u>-</u>
Fund balance, end of year	<u>\$ 41,520</u>	<u>\$ 22,620</u>	<u>\$ 29,178</u>	<u>\$ 6,558</u>

CITY OF EAST GRAND RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2025

Assets	Motor Pool	Health Insurance	Total
Current assets			
Cash and pooled investments	\$ 1,393,169	\$ 375,084	\$ 1,768,253
Accounts receivable	3,071	123,355	126,426
Prepaid and other assets	-	22,884	22,884
Inventory	<u>87,347</u>	<u>-</u>	<u>87,347</u>
Total current assets	<u>1,483,587</u>	<u>521,323</u>	<u>2,004,910</u>
Capital assets			
Capital assets being depreciated	5,613,223	-	5,613,223
Less accumulated depreciation	<u>(4,144,547)</u>	<u>-</u>	<u>(4,144,547)</u>
Net capital assets	<u>1,468,676</u>	<u>-</u>	<u>1,468,676</u>
Total assets	<u>2,952,263</u>	<u>521,323</u>	<u>3,473,586</u>
Liabilities			
Current liabilities			
Accounts payable	10,954	708	11,662
Accrued liabilities	2,049	171,470	173,519
Compensated absences	<u>2,629</u>	<u>-</u>	<u>2,629</u>
Total liabilities	<u>15,632</u>	<u>172,178</u>	<u>187,810</u>
Net position			
Net investment in capital assets	1,468,676	-	1,468,676
Unrestricted	<u>1,467,955</u>	<u>349,145</u>	<u>1,817,100</u>
Total net position	<u>\$ 2,936,631</u>	<u>\$ 349,145</u>	<u>\$ 3,285,776</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, 2025

	Motor Pool	Health Insurance	Total
Operating revenue			
Charges for services	\$ 865,620	\$ 1,205,751	\$ 2,071,371
Other	<u>22,581</u>	<u>118,458</u>	<u>141,039</u>
Total operating revenue	<u>888,201</u>	<u>1,324,209</u>	<u>2,212,410</u>
Operating expense			
Salaries and wages	167,470	-	167,470
Contracted services	21,085	485,163	506,248
Materials and supplies	194,021	-	194,021
Equipment	15,699	-	15,699
Claims	-	880,948	880,948
Administration	-	175,711	175,711
Depreciation	359,172	-	359,172
Miscellaneous	<u>718</u>	<u>-</u>	<u>718</u>
Total operating expense	<u>758,165</u>	<u>1,541,822</u>	<u>2,299,987</u>
Operating income (loss)	130,036	(217,613)	(87,577)
Non-operating revenue (expense)			
Loss on sale of capital assets	<u>(5,464)</u>	<u>-</u>	<u>(5,464)</u>
Changes in net position	124,572	(217,613)	(93,041)
Net position, beginning of year	<u>2,812,059</u>	<u>566,758</u>	<u>3,378,817</u>
Net position, end of year	<u>\$ 2,936,631</u>	<u>\$ 349,145</u>	<u>\$ 3,285,776</u>

CITY OF EAST GRAND RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Motor Pool</u>	<u>Health Insurance</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from internal services provided	\$ 885,793	\$ 1,229,980	\$ 2,115,773
Payments to employees	(169,210)	-	(169,210)
Payments to suppliers	<u>(206,142)</u>	<u>(1,490,625)</u>	<u>(1,696,767)</u>
Net cash provided by (used in) operating activities	<u>510,441</u>	<u>(260,645)</u>	<u>249,796</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	3,109	-	3,109
Acquisitions of capital assets	<u>(3,535)</u>	<u>-</u>	<u>(3,535)</u>
Net cash provided by (used in) capital and related financing activities	<u>(426)</u>	<u>-</u>	<u>(426)</u>
Net increase (decrease) in cash and pooled investments	510,015	(260,645)	249,370
Cash and pooled investments, beginning of year	<u>883,154</u>	<u>635,729</u>	<u>1,518,883</u>
Cash and pooled investments, end of year	<u>\$ 1,393,169</u>	<u>\$ 375,084</u>	<u>\$ 1,768,253</u>
Cash flows from operating activities			
Operating income (loss)	\$ 130,036	\$ (217,613)	\$ (87,577)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	359,172	-	359,172
Change in operating assets and liabilities which provided (used) cash			
Accounts receivable	(2,408)	(94,229)	(96,637)
Prepaid and other assets	25,896	-	25,896
Inventory	(4,106)	-	(4,106)
Accounts payable	3,591	708	4,299
Accrued liabilities	(683)	50,489	49,806
Compensated absences	<u>(1,057)</u>	<u>-</u>	<u>(1,057)</u>
Net cash provided by (used in) operating activities	<u>\$ 510,441</u>	<u>\$ (260,645)</u>	<u>\$ 249,796</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.

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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.

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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.

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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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Investment in capital assets, net of related debt	\$ 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	\$ 23,651,162
Restricted	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	1,574,856
Unrestricted	<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>	<u>877,127</u>
Total governmental activities net assets	<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>	<u>\$ 26,103,145</u>
Business-type activities:										
Investment in capital assets, net of related debt	\$ 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	\$ 14,919,373
Restricted										
Unrestricted	<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>	<u>2,598,766</u>
Total business-type activities net assets	<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>	<u>\$ 17,518,139</u>
Primary government:										
Investment in capital assets, net of related debt	\$ 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	\$ 38,570,535
Restricted	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	1,574,856
Unrestricted	<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>	<u>3,475,893</u>
Total primary government net assets	<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>	<u>\$ 43,621,284</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Legislative	\$ 27,081	\$ 26,990	\$ 25,224	\$ 50,146	\$ 22,157	\$ 31,136	\$ 28,188	\$ 27,647	\$ 28,871	\$ 37,827
General government	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	1,014,848
Public safety	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	4,802,577
Public works	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	6,458,249
Recreation and cultural	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	2,432,507
Interest on debt	259,803	250,816	239,861	230,938	211,269	189,504	210,346	328,195	312,775	316,058
Total governmental activities	13,990,129	12,842,883	13,500,801	14,034,997	14,409,640	15,930,341	14,017,269	17,244,992	20,008,921	15,062,066
Business-type activities:										
Water & Sewer utility	3,408,556	3,205,608	3,696,095	3,581,562	3,838,956	3,774,137	4,099,174	4,482,544	4,193,804	4,005,267
Total business-type activities	3,408,556	3,205,608	3,696,095	3,581,562	3,838,956	3,774,137	4,099,174	4,482,544	4,193,804	4,005,267
Total primary government expenses	\$ 17,398,685	\$ 16,048,491	\$ 17,196,896	\$ 17,616,559	\$ 18,248,596	\$ 19,704,478	\$ 18,116,443	\$ 21,727,536	\$ 24,202,725	\$ 19,067,333
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 260,766	\$ 292,349	\$ 501,820	\$ 531,303	\$ 469,764	\$ 457,084	\$ 484,407	\$ 498,395	\$ 347,984	\$ 395,699
Public safety	110,164	40,578	44,955	50,165	31,182	20,449	38,368	24,440	20,096	21,296
Public works	394,781	427,568	171,469	132,333	107,253	126,078	145,110	154,794	130,709	136,841
Recreation and cultural	1,005,241	981,742	1,142,350	1,144,118	802,002	817,701	1,063,627	1,097,869	1,049,668	1,120,287
Operating grants and contributions	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	1,926,697
Capital grants and contributions	675,542	681,492	165,641	806,463	40,378	70,477	6,847	8,177	2,278,921	220,233
Total governmental activities	3,379,868	3,388,966	3,177,475	3,988,266	2,695,350	3,272,123	3,200,509	3,886,543	8,245,174	3,821,053
Business-type activities:										
Water & Sewer utility:										
Charges for services	3,490,916	4,211,294	4,364,698	4,247,408	4,485,862	4,723,144	4,614,600	4,784,063	5,161,888	5,173,597
Operating grants and contributions	-	-	-	-	-	-	-	-	-	141,730
Total business-type activities	3,490,916	4,211,294	4,364,698	4,247,408	4,485,862	4,723,144	4,614,600	4,784,063	5,161,888	5,315,327
Total primary government program revenues	\$ 6,870,784	\$ 7,600,260	\$ 7,542,173	\$ 8,235,674	\$ 7,181,212	\$ 7,995,267	\$ 7,815,109	\$ 8,670,606	\$ 13,407,062	\$ 9,136,380
Net (Expense) Revenue										
Governmental activities	\$(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)	\$(11,241,013)
Business-type activities	82,360	1,005,686	668,603	665,846	646,906	949,007	515,426	301,519	968,084	1,310,060
Total primary government net (expense) revenue	\$(10,527,901)	\$(8,448,231)	\$(9,654,723)	\$(9,380,885)	\$(11,067,384)	\$(11,709,211)	\$(10,301,334)	\$(13,056,930)	\$(10,795,663)	\$(9,930,953)

(Continued)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 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	\$ 13,641,480
State shared revenue	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	1,376,912
Cable Franchise Fees	226,001	224,575	217,300	206,652	191,996	184,172	178,947	171,762	149,133	127,530
Gain (loss) on sale of capital asset:	-	-	-	-	-	-	-	116,060	41,383	-
Unrestricted investment earnings	35,031	45,918	78,085	177,882	195,277	50,268	36,805	656,825	843,050	887,850
Transfers - internal activities									(250,000)	(287,438)
Total governmental activities	11,048,687	11,287,200	11,561,954	11,938,618	12,264,610	12,635,452	13,006,341	14,460,156	15,044,404	15,746,334
Business-type activities:										
Unrestricted investment earnings	2,322	28	1,337	3,563	3,304	266	9	36	33	-
Transfers - internal activities									250,000	287,438
Total business-type activities	2,322	28	1,337	3,563	3,304	266	9	36	250,033	287,438
Total primary government	\$ 11,051,009	\$ 11,287,228	\$ 11,563,291	\$ 11,942,181	\$ 12,267,914	\$ 12,635,718	\$ 13,006,350	\$ 14,460,192	\$ 15,294,437	\$ 16,033,772
Changes in Net Assets										
Governmental activities	\$ 438,426	\$ 1,833,283	\$ 1,238,628	\$ 1,891,887	\$ 550,320	\$ 22,766	\$ 2,189,581	\$ 1,101,707	\$ 3,280,657	\$ 4,505,321
Business-type activities	84,682	1,005,714	669,940	669,409	650,210	949,273	515,435	301,555	1,218,117	1,597,498
Total primary government	\$ 523,108	\$ 2,838,997	\$ 1,908,568	\$ 2,561,296	\$ 1,200,530	\$ 926,507	\$ 2,705,016	\$ 1,403,262	\$ 4,498,774	\$ 6,102,819

(Concluded)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Fiscal Year</u>		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
					<u>2020</u>	<u>2021</u>				
General Fund:										
Non-spendable										
Prepaid items	\$ 45,571	\$ 70,352	\$ 53,661	\$ 195,679	\$ 172,350	\$ 35,874	\$ 165,580	\$ 186,135	\$ 191,454	\$ 220,426
Restricted										
Public Safety	77,923	10,000	-	-	-	-	-	-	-	-
Debt Service	-	-	27,500	-	-	-	-	-	-	-
Committed										
Turf Replacement	335,000	375,000	415,000	455,000	488,950	528,950	-	-	-	-
Playground	-	-	-	-	-	30,000	-	-	-	-
Assigned										
Stabilization	-	-	-	-	-	-	-	-	-	-
Future Retirement paymets	111,648	61,648	-	-	-	-	-	-	-	-
Future years expenditures	160,000	310,000	330,000	310,000	460,000	264,700	600,210	180,610	823,500	549,160
Unassigned	2,927,029	2,924,531	2,979,241	2,950,962	2,910,686	3,988,350	4,506,654	5,854,316	5,728,928	6,511,815
Total general fund	<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>	<u>\$ 7,281,401</u>
All Other Governmental Funds:										
Non-spendable										
Inventory	\$ 33,316	\$ 20,160	\$ 31,802	\$ 48,342	\$ 56,836	\$ 65,260	\$ 28,556	\$ 41,520	\$ 57,044	\$ 51,116
Prepaid items	3,366	11,871	4,246	4,716	2,732	-	-	-	-	-
Restricted										
Streets	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	1,471,291
Public Safety	-	43,991	82,502	46,244	21,116	26,663	27,911	28,496	41,520	29,178
Debt Service	4,359	6,453	9,453	14,008	20,343	19,692	25,619	24,415	26,585	29,461
Committed										
Turf Replacement	-	-	-	-	-	-	538,900	537,200	547,200	668,477
Playground	-	-	-	-	-	-	90,000	150,000	210,000	288,288
Park Improvements	-	-	-	-	-	-	5,169,375	4,330,414	2,548,559	1,703,249
Assigned										
Public Safety	-	-	-	-	-	-	887	887	-	-
Capital projects	5,082	-	-	-	-	-	1,483	31,097	31,098	-
Total all other governmental fund:	<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>	<u>\$ 4,241,060</u>
Total Fund Balances	<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>	<u>\$11,522,461</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 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	\$ 13,641,480
Intergovernmental:										
Federal	-	-	-	-	-	480,472	-	561,573	454,191	240,673
State	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	3,017,711
Local	-	69,645	69,677	36,423	16,945	41,833	18,897	585	2,062,137	3,778
Licenses and permits	58,838	62,298	65,312	91,397	66,828	85,419	85,416	104,263	76,809	82,941
Charges for services	476,181	509,268	611,503	622,967	549,083	529,165	629,464	633,500	446,966	453,846
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	1,120,287
Fines and forfeitures	43,589	36,181	28,957	34,425	27,268	15,668	29,678	19,361	16,476	18,442
Special Assessments	15,022	-	-	33,728	18,364	28,795	24,618	20,422	10,996	17,450
Interest and rentals	74,619	84,557	111,036	199,900	217,560	86,917	79,885	742,086	1,068,993	998,790
Other	362,445	140,836	196,558	132,979	129,459	146,190	82,992	48,740	333,030	290,422
Total revenues	<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>	<u>19,885,820</u>
Expenditures										
Legislative	26,992	27,029	25,224	50,146	22,157	31,136	28,188	27,647	28,871	37,827
General government	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	2,987,488
Public safety	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	4,690,848
Public works	4,171,004	4,748,371	5,065,852	5,455,259	4,644,604	5,380,839	5,159,487	6,314,342	6,898,409	8,095,536
Recreation and culture	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	5,157,896
Debt service										
Principal	608,000	631,000	672,000	753,600	786,900	572,900	562,900	639,200	630,000	675,000
Interest	261,740	253,386	243,018	233,717	217,003	197,947	171,288	328,666	317,500	298,700
Bond Issuance costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	907,611	-	-	-	-	-	-	-	-	-
Total expenditures	<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>	<u>21,943,295</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(2,057,475)</u>
Other Financing Sources (Uses)										
Payment of refunded bond escrow	-	-	-	-	-	(6,287,368)	-	-	-	-
Transfers in	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	2,845,012
Transfers out	(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)	(3,132,450)
Bond Premium	-	-	-	-	-	-	80,556	-	-	-
Bonds issued	-	-	209,500	-	-	6,416,077	5,180,000	-	-	1,735,000
Total other financing sources (use)	<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>	<u>1,447,562</u>
Net changes in fund balances	<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>	<u>\$ (609,913)</u>
Debt Service as a percentage of non capital expenditures	6.6%	6.3%	6.3%	6.4%	7.0%	5.1%	5.0%	5.4%	3.9%	4.4%

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

Year Ended June 30	General Property Taxes
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
2025	13,641,480

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
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
2025	1,375,454,400	956,500,023	12,620,000	12,620,000	1,388,074,400	969,120,023

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

Year of Levy	City Direct Rate	City Road Rate	City Debt Rate	Kent County	Kent District Library	State Education Tax	Kent Intermediate School District	Grand Rapids Community College	Rapid Transit	East GR School District	Resident Total
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
2025 Homestead	11.1419	1.9632	1.1056	5.7356	1.1000	6.0000	5.3515	1.6793	1.3817	11.7894	47.2482
Non Homestead	11.1419	1.9632	1.1056	5.7356	1.1000	6.0000	5.3515	1.6793	1.3817	29.7894	65.2482

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	2024			2015		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
2255 Wealthy LLC	Real Estate	\$ 8,830,500	1	0.91%	\$ 7,020,091	1	1.20%
Consumers Energy Co	Utility	4,553,000	2	0.47%	1,995,520	3	0.34%
DTE Gas Company	Utility	3,311,900	3	0.34%			
Private Residence	Residential	3,033,528	4	0.31%			
Private Residence	Residential	2,912,033	5	0.30%			
Spectrum Medical Building	Medical	2,525,300	6	0.26%			
Lakewood Hills LLC	Residential	2,396,019	7	0.25%	1,924,340	4	0.33%
Private Residence	Residential	2,380,640	8	0.25%	1,911,993	5	0.33%
Mackinaw, LLC	Residential	2,254,147	9	0.23%			
Private Residence	Residential	2,239,800	10	0.23%			
Spectrum Health Hospitals	Medical				3,281,707	2	0.56%
Greenbrier Trust Declaration	Retailer				1,623,500	6	0.28%
Private Residence	Residential				1,571,796	7	0.27%
Private Residence	Residential				1,260,200	8	0.22%
Jade Pig Ventures EB3 LLC	Real Estate				1,247,100	9	0.21%
Private Residence	Residential				1,141,861	10	0.19%
Other Taxpayers		<u>34,436,867</u>		<u>3.55%</u>	<u>22,978,108</u>		<u>3.92%</u>
Total Taxable Value		<u>\$ 969,120,023</u>			<u>\$ 585,718,708</u>		

Source: East Grand Rapids City Assessor

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

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections Total Levy
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
2025	13,621,995	13,579,515	99.69	42,480	13,621,995	100.00

Source: East Grand Rapids Treasurer

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

Year Ended June 30	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Net Bonded Debt Per Capita¹
	Installment Purchase Agreements	Private Placement Bond	General Obligation Bonds	Silver Creek Drain Note				
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	-	11,235,826	-		11,270,026	25.53%	988
2023	-	-	10,483,247	-		10,483,247	22.43%	917
2024	-	-	9,746,938	-		9,746,938	N/A	N/A
2025			10,300,000			10,300,000	N/A	N/A

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

<u>Year Ended June 30</u>	<u>Estimated Population</u>	<u>State Equalized Valuation</u>	<u>General Obligation Debt</u>	<u>Percentage of Estimated Actual Value of Taxable Property</u>	<u>Per Capita</u>
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	11,270,026	1.07%	988
2023	11,429	1,107,459,500	10,483,247	0.95%	917
2024	11,394	1,196,461,751	9,746,938	0.81%	855
2024	11,394	1,388,074,400	10,300,000	0.74%	904

CITY OF EAST GRAND RAPIDS
Direct and Overlapping Governmental Activities Debt
June 30, 2025

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>City's Share of Debt</u>
Direct:		
City of East Grand Rapids	\$ 10,300,000	\$ 10,300,000
Overlapping (2):		
Kent County	57,090,000	1,621,356
Grand Rapids Community College	16,175,000	444,813
East Grand Rapids School District	61,211,510	57,649,000
Total Overlapping Debt		<u>59,715,169</u>
Total Direct and Overlapping Debt		<u><u>\$70,015,169</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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024
Debt Limit	\$ 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	\$138,807,440
Net General Obligation Debt Subject to Limitation	<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>	<u>5,892,100</u>	<u>11,270,026</u>	<u>10,483,247</u>	<u>9,746,938</u>	<u>10,300,000</u>
Legal Debt Margin	<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>\$ 94,206,484</u>	<u>\$100,262,703</u>	<u>\$ 109,899,237</u>	<u>\$128,507,440</u>
Total net debt applicable to the limit as a percentage of the debt limit	12.98%	11.19%	10.08%	8.91%	7.63%	5.96%	10.68%	9.47%	8.15%	7.42%

Legal Debt Margin Calculation for Fiscal Year 2024

State Equalized Valuation	<u>\$1,388,074,400</u>
Debt Limit - 10% of State Equalized Value	\$ 138,807,440
Debt Outstanding	10,300,000
Less: Exempt Debt	<u>553,062</u>
Net General Obligation Debt Subject to Limitation	<u>9,746,938</u>
Legal Debt Margin	<u>\$ 129,060,502</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</u> ⁵	<u>Total Personal Income (thousands)</u> ⁵	<u>Unemployment Rate</u> ⁶
2014	11,355 ¹	\$ 47,167	\$ 29,783,992	5.1
2015	11,521 ¹	49,814	31,748,325	3.9
2016	11,702 ¹	50,584	32,587,227	3.6
2017	11,745 ¹	50,621	32,889,558	3.5
2018	11,873 ¹	52,153	34,088,760	3.0
2019	11,952 ¹	53,799	35,335,459	3.0
2020	11,371 ²	57,397	37,807,976	7.7
2021	11,389 ³	61,852	40,701,778	4.6
2022	11,402 ³	66,975	44,142,240	3.5
2023	11,429 ³	70,662	46,732,627	4.0
2024	11,394 ³	N/A ⁴	N/A ⁴	5.2

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

¹ Population estimates, US Census Bureau, City & Town Population Totals 2010-2020

² 2020 Census

³ Population estimate, US Census Bureau Quick Facts

⁴ Information not available

⁵ Bureau of Economic Analysis, US Dept of Commerce (Kent County)

⁶ 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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	15.5	17.9	17.0	16.9	15.9	16.6	15.2	16.1	16.9	15.2
Public safety	29.0	28.0	28.0	29.0	28.0	28.0	29.0	29.0	26.7	26.0
Parks and recreation	10.1	9.7	9.8	10.2	10.2	9.3	7.6	8.0	9.0	9.0
DPW	16.0	17.0	17.0	17.0	18.7	18.7	19.6	18.0	18.0	16.0
Total	70.6	72.6	71.8	73.1	72.8	72.6	71.4	71.1	70.6	66.2

Source: East Grand Rapids payroll records

INTERNAL CONTROL AND COMPLIANCE



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

October 23, 2025

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 23, 2025.

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.

Oradexold Haefner LLC